A new measure of reporting consistency and comparability:

The information costs of inconsistency and incomparability for users[*]

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ABSTRACT

We propose a parsimonious measure of reporting consistency: a firm-weighted measure of item disclosure uniqueness. We use the frequency with which material line items are reported to identify firm-year 'typical' and 'atypical' items. Consistency decreases both when firms disclose material atypical items or do not disclose material typical items. Building on this notion of material item uniqueness, we also propose a measure of comparability with industry-peers. We predict that users' information costs are decreasing in financial statement consistency and comparability. We find that analysts are less likely to follow inconsistent and incomparable firms. We also find greater forecast errors and forecast dispersion when consistency and comparability are low. Further analyses of 10-K downloads and market returns around the publication of 10-K reports confirm these findings of lower consistency and comparability likely increasing information costs for users.

Keywords: Reporting Consistency; Accounting Comparability; Information costs; Analyst

forecasts and coverage; User information acquisition.

1. Introduction

Consistency is a fundamental property of accounting. It refers to using "the same methods for the same items," being a contributing factor of comparability.[1] Comparability, in turn, enables financial statement users to "identify and understand similarities in, and differences among, items" (IASB 2018). Inconsistency in reporting has drawn the concerns of regulators and standard setters,[2] and partly explains the limited benefits accrued by the worldwide adoption of IFRS (see, for summaries, Ball 2016, Becker et al. 2021), while managers value consistency as a key feature of high-quality accounting figures (Dichev et al. 2013).[3] Despite this relevance, there is limited work on these topics, partly due to the lack of firm-specific proxies. While the literature offers virtually no proxies for consistency, the existing comparability measures are theoretically sound but difficult-to-calculate, and either focus on subjective assessments of convergence in accounting treatments –based on extensive hand-collection of data (Kvaal and Nobes, 2011, Nobes 2013, Taplin 2011, 2017), or require substantial modelling and assumptions (Franco et al. 2011, Barth et al. 2012, Peterson et al. 2015).

We contribute to this literature by proposing parsimonious firm-year measures of both reporting consistency and comparability. To do so, we build on the conceptual definitions of these properties and develop firm- and industry-weighted measures of material item uniqueness. The notion of material item uniqueness maps back well into the conceptual definitions above (also focused on items) and allows us to measure consistency as a proxy of within-firm time-series comparability.

To construct the proxies, we start from the disaggregation provided in Chen et al. (2015), and calculate the frequency with which each specific line item from the income statement and the balance sheet is non-missing over the last ten years for the consistency proxy, and by industry-year for the

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[1] Consistency is related but different from comparability. It is not considered a qualitative characteristic of financial reporting in the Conceptual Framework of the IASB, but as a factor that contributes to comparability.
[2] The EFRAG Board launched in 2017 a consultation on "Consistency in financial reporting," discussing several causes of lack of consistency and asking stakeholder to submit their views on whether inconsistency was sufficiently addressed, and what actions could EFRAG undertake to enhance consistency (EFRAG, 2017). The IASB has several guides, on its website, containing substantial supportive material to ensure consistent application of IFRS (see, e.g., https://www.ifrs.org/supporting-implementation/, consulted October 2022).
[3] Dichev et al. (2013, Table 4) reports that 94% of surveyed CFOs agreed that earnings that "reflect consistent reporting choices over time" is a feature of high quality earnings.

comparability proxy. The conceptual strength of the proxies lies in using these aggregated frequencies to identify both the reporting and non-reporting of *typical* and *atypical* line items. A typical item is a material line item that is more likely reported than not reported in a particular firm or industry. An atypical item is an item that is rarely reported by the firm or in the industry. The presence of typical items imposes low information costs on users, as they refer to underlying transactions that are commonly reported by the firm over time, or by most firms in the industry. It is the fact that such items are missing that may impose costs. With respect to atypical items, given their uniqueness (to the firm, to the industry, or to both), it is their reporting that is expected to be associated with information costs, i.e., higher awareness, acquisition, and integration costs (Blankespoor et al. 2020), while non-reporting of atypical items is the default. Our focus on *material* line items guarantees that both when the firm reports an atypical item, or when it does not report a typical item, this lowers consistency and comparability for financial statement users, leading to greater information costs.[4]

We illustrate our measures with an example. For each firm over time, or within every industry-year, material line items that are typically reported represent operating, investment, and financing transactions that are common, and thus, familiar to users. Users such as analysts may be able to use typical items in simple ratio or valuation analyses (e.g., Imam et al. 2008) without having to delve into the notes. For example, in the machinery industry, under property plant and equipment, almost all firms report 'machinery.' Failure to disclose this typical item makes the financial statements less comparable to its industry peers, raising questions about the firm underlying business (given that machinery is unreported in a firm that belongs to the machinery industry). Similarly, if a firm reports this item for several years, and then stops reporting it, this makes its financial statements less consistent. Also in this industry, it is rare to contract leases, and thus, few firms report 'leases.' If a firm reports a lease for the first time, its financial statements will be inconsistent with those of prior years. In addition, the firm becomes less comparable to its industry peers.

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[4] We set a materiality threshold to ensure the economic magnitude of these items is large. If items are material and represent a sizable percentage of bottom-line numbers, financial statements that contain atypical items or that miss typical ones are harder to understand and/or compare to industry peers without additional information.

Our expectation is straightforward and focuses on both the reporting of atypical items and the non-reporting of typical items (see, also, Figure 1). When an economically large, atypical item is reported, it raises a red flag that may require that users gather and process additional information. In terms of consistency, atypical items may be obvious to users that read the financial statements, as they imply a line in the income statement or in the balance sheet where an item is reported in year t, but not in year t-1. The detection of atypical items when comparing industry firms is not as direct. Importantly, this illustrates that consistency and comparability are independent constructs. Even when reported consistently, material items may make the firm financial statements incomparable, if they are atypical at the industry-level (if none or few other firms in the industry report them). This means that the *same* line item for a given firm may be classified as typical in terms of consistency, but as atypical in terms of comparability. A second element of interest of our identification refers to the study of missing typical items. Noticing that a typical item is not reported requires an advanced knowledge and familiarity with the context: to detect that a transaction that is commonly reported is missing. This is particularly true in the case of comparability with industry peers.[5] To incorporate information signals into their decision-making, financial statement users must be *aware* of the existence of the commonality. Such awareness is costly, as it implies monitoring for the existence of a specific piece of information.[6] Therefore, while the differences between the reporting of atypical items and the non-reporting of typical items may appear subtle or even unimportant at first, their separate analysis allows us to provide novel evidence on the role of different information costs, and separate consequences of inconsistency and incomparability.

We measure reporting consistency and comparability for a large sample of US firms for the period 1999-2019. We calculate typical and atypical items in time-series and cross-sectionally, both on aggregate and separately for the income statement and balance sheet. This permits understanding if

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[5] In terms of consistency, missing typical items may be easier to detect, as they imply a line in the income statement or in the balance sheet where an item is missing in year t, but does appear in year t-1. This may be cause of different concern than reporting an inconsistent atypical item (reported in t, but not in t-1), as the non-reporting of a typical item suggests an end to a certain type of business/transaction that was previously common, whilst the reporting of an atypical item indicates the starting of a certain type of new business/transaction.

[6] Professional users of financial information, such as analysts, are more likely than naïve users to notice missing typical items or inconsistencies in firm reporting, which is why we focus on them in our validation analyses.

consistency and comparability of balance sheet or of income statements items differently matter. Our variables of interest are the number of reported atypical items and the number of typical items missing. For consistency (i.e., in time-series), we consider an item as typical if over the previous ten-year window, the firm reports it over fifty percent of the time; and atypical otherwise.[7] Similarly, for comparability (i.e., cross-sectionally), we consider an item as typical if over fifty percent of firms in the industry-year report it, and atypical otherwise. In robustness tests, we set this threshold at seventy and ninety percent. We focus on industry-level comparability because firms within an industry have similar underlying businesses. Also, analysts benchmark their valuations against industry-peers and are likely to follow several firms within an industry (O'Brien and Bhushan 1990, Young and Zeng 2015). Further, as noted in Brown and Knechel (2016, 736), different industries may systematically differ in "the structure of financial statements and narrative disclosures." In our main tests, we use the GICS industry classification at the 6-digit level (GICS6) as it offers the best intra-group homogeneity and is aligned with analysts' industry definitions (Bhojraj et al., 2003; Boni and Womack, 2006).

We expect that lower consistency and comparability are associated with greater information costs, and therefore, with lower analysts' following, and greater analysts' forecast error and dispersion (Bradshaw et al. 2009, Franco et al. 2011, Peterson et al. 2015). Inconsistency and lack of comparability decrease information quality and lead to asymmetries in the information environment, which are associated with greater forecast errors and dispersion (e.g., Land and Lundholm 1996). In terms of analyst following, when faced with inconsistency or incomparability, financial statement users may dedicate additional time to acquiring and processing the necessary information to understand why the item is reported (or no longer reported). Alternatively, if pressed for time and this represents a growth in firm underlying complexity, making the firm less comparable to the portfolio of firms followed, the analyst may drop coverage (or opt not to follow it). Differently stated, if the analyst is considering expanding their portfolio of firms, a consistent and comparable firm may appear more attractive, at the margin, than inconsistent or incomparable firms.

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[7] For our consistency proxy, an item cannot be classified more than two consecutive years as atypical or missing typical. We assume that after the third year, financial statement users learn from the previous years.

The prediction above is not without tension. While our conceptualization of typical and atypical items meets with the definitions in conceptual frameworks in terms of financial statements similarity and is likely to capture information processing costs in the simple terms we have explained, it could be associated with *better* forecasting. Indeed, these items, precisely because of their low consistency or comparability, could represent an incrementally informative signal that, if used, improves analyst valuations (see, e.g., Blankespoor et al. 2020). The extent to which analysts integrate this information into their predictions is thus an empirical issue of interest.

Our tests yield the following key findings. First, we report a growth in total items reported over time. The average financial statements in 1999 contain fifty material items, out of which ten are atypical.[8] In 2019, these numbers are sixty-three and ten, respectively. Atypical items represent both (i) uncommon, low frequency, transactions (such as goodwill, which results from a merger or acquisition), and (ii) complex accounting phenomena (such as marketable securities adjustments), as well as potentially proprietary or sensitive data, such as staff expenses (and thus, not uncommon, as most firms would have them). Atypical items are concentrated in the balance sheet, that is less standardized than the income statement, which only contains, on average, one atypical item.

We build a model of determinants to assess differences in information costs. Whenever low reporting consistency or comparability are associated with large changes in the determinants, we expect that information costs are high. We find that low consistency and comparability are concentrated in firms that operate in more volatile, intangible-intensive environments, have longer operating cycles, more segments, and report more special items. Also, in firms with greater product differentiation, as per Hoberg and Philips (2016) measure. This serves as validation of our measures.

Next, we look at information consequences. We report that analysts are less likely to follow firms with low comparability, both as measured by greater reporting of atypical items and lower reporting of typical items. On the contrary, analysts are more likely to follow firms with low consistency. The

[8] In our main tests, we focus on 1999-2019, given data constraints. However, data on typical and atypical items can be calculated from 1973 onwards. Untabulated evidence suggests that the non-disclosure of typical items and the disclosure of atypical items grows over time. The average financial statements in 1973 contains forty-eight material items, out of which five are atypical.

effect is mainly driven by atypical items. This can be interpreted as analysts preferring following firms reporting more atypical items which could be related to analysts following firms with *more* disclosures. We also find lower forecast accuracy and greater analyst forecast dispersion is associated with both low consistency and comparability. This is driven by the reporting of atypical items. Overall, our evidence suggests that earnings of inconsistent, low comparability firms are harder to forecast, and with analysts either disregarding this information or incorporating it with noise. Our results hold for different frequency thresholds to define typical and atypical items.

We further look at information processing costs by examining 10-K downloads. This provides an admittedly noisy proxy of information acquisition activities by less professional investors. We find that inconsistent reporting is associated with more downloads. Also, we find that *increases* in consistency are associated with less downloads. This indicates that users react to consistency, and detect both types of inconsistencies (i.e., more missing items or/and more atypical items disclosed) and react by gathering additional information. Next, we look at market reactions to earnings announcements (EA) that are both concurrently and not concurrently released with the 10-K, following the work of Arif et al. (2019). Specifically, we calculate the earnings response coefficient (ERC) using cumulative abnormal returns (based on four-factor Fama-French model) around the two-day window surrounding the EA, separately for good and bad news firms. When the 10-K is filled concurrently with the EA, investors are expected to react faster and more completely to consistent than inconsistent financial statements, and therefore, we predict higher ERC for consistent reporters. We do not make any prediction for standalone filled 10-Ks or EAs. On average, we find limited evidence of market reactions to the 10-K, as could be expected. When the 10-K is issued concurrently with the EA, we find a larger ERC for consistent reporters (for bad news, ERC=-3.4% (ERC=-2.0%) for consistent (inconsistent) firms; for good news, ERC=2.4% (ERC=1.6%) for consistent (inconsistent) firms). This indicates consistency allows for a more timely and complete incorporation of bad news into prices. We do not find such clear patterns for comparability in either of these tests. This suggest that incomparability may be more difficult to detect by users.

We make two contributions to the literature. First, we offer measures of consistency and comparability that are conceptually sound and easy to implement. Our proxies provide an aggregate view of line item uniqueness and can be adapted to focus on specific accounts, or different peer group definitions. This is in contrast with existing comparability proxies, that are necessarily narrow in the sense of having to focus, for tractability, on specific convergence in treatments (in the case of qualitative, hand-collected studies), or rely on a single figure, such as earnings, as a key financial reporting metric, as acknowledged by Franco et al. (2011, p. 898). While being one of the first proxies of consistency in the literature, our comparability measure is close to the work of Bradshaw et al. (2009), who similarly build on the idea that atypicality (in accounting methods) is associated with lower comparability. We also link and add to the work of Chen et al. (2015), by integrating their disaggregation notion into our measure. A limitation is that our proxy refers to the presentation or structure of financial statements. This is by construction, as we aim to capture the action of an investor who puts financial statements side-by-side, identifies similarities and dissimilarities, and this spurns a process of information search and discovery. We put forth and test the notion that dissimilarities in material line-item reporting map back to information acquisition costs.

Second, we contribute to the work on the consequences of reporting consistency on analysts, which had thus far not been studied. We also provide additional evidence that analyst coverage decisions are associated with accounting comparability. One interpretation of our findings is of 'lazy' forecasting, in the sense of Cohen et al. (2020) lazy prices argumentation, which suggests markets do not fully impound annual changes in 10-K disclosure. Our evidence suggests analysts may not fully incorporate the information in financial statements when consistency or comparability are low.

2. Background and hypotheses development

2.1. Consistency, comparability, and the typicality of financial statement items

Arguably, non-accounting regulators have considered consistency and comparability to be among the most desirable properties of accounting information (see, e.g., Durocher and Gendron 2011). For

example, in 2002, the European Union (EU) mandated the adoption of international accounting

standards by 2005 through Regulation (EC) No. 1606, which stated, on its first motivating paragraph,

that to accelerate completion of the internal market for financial services, steps should "be taken to

enhance the comparability of financial statements prepared by publicly traded companies." For this

purpose, the EU required the application of a single set of high-quality standards for the preparation of

consolidated statements. The value of using a global set of accounting standards has been shared by

regulators and international financial institutions, such as the World Bank or the G-20, with over one

hundred jurisdictions currently applying International Financial Reporting Standards (IFRS).[9]

Despite this central role and substantial achievements worldwide (see, e.g., Barth et al. 2012),

accounting regulators have acknowledged that achieving consistency and comparability is a complex

objective, as illustrated by the definitions provided by the FASB in its Concepts Statement No. 8:

> "[...] information about a reporting entity is more useful if it can be compared with similar
> information about other entities and with similar information about the same entity for
> another period or another date. Comparability is the qualitative characteristic that enables
> users to identify and understand similarities in, and differences among, items. Unlike the
> other qualitative characteristics, comparability does not relate to a single item. A comparison
> requires at least two items." (FASB 2010, QC20-QC21).

Against this conceptual definition, which subsumes consistency as time-series comparability, and

consistent with Franco et al. (2011), two firms provide comparable accounting data if given an

economic event, their accounting system provides similar financial statements. Two elements

challenge the achievement of such comparability, assuming a single set of accounting standards is in

place. The first one relates to the underlying economics of the compared firms, which may be

dissimilar. The second one relates to accounting choice, which again, may not converge.

We illustrate these two differences with a simple example for the case of comparability. Suppose

for a given economy, industry I is composed of two types of firms (first difference): firms j and k.

Firms j produce locally, while firms k production is located overseas. Industry I is subject to a local

[9] According to the International Accounting Standards Board (IASB), a total of 166 jurisdictions mandate or allow domestic companies to use IFRS standards. Available online at: https://www.ifrs.org/use-around-the-world/use-of-ifrs-standards-by-jurisdiction/, consulted September 2021.

regulatory shock (for example, an environmental limitation on the use of certain fuels) that impacts the useful life of machinery, requiring the recognition of impairments. Overseas firms k are not affected. This means firms j potentially will report a new line item: impairment of machinery, while firms k will not. The second difference emerges at this stage, purely related to disclosure, given that the presentation of financial statements is not uniform. Firms j may either aggregate impairments of machinery with impairments of property plant and equipment (which is the choice of firms j^{AG}), or disaggregate this impairment, as a separate line item (which is the choice of firms j^{DG}). Thus, industry I is composed of non-shocked firms (type k), shocked firms that disaggregate the impairment caused by the shock (type j^{DG}) and shocked firms that do not disaggregate (type j^{AG}). Users following a subset of industry I firms with a portfolio made of firms k and j^{AG}, may not learn about the regulatory shock, depending on the materiality of the impairments. However, the presence of a single j^{DG} firm may be enough to raise awareness of the shock. If this impairment is material, users reading the notes may identify that this firm is different (i.e., non-comparable). Awareness of differences may spurn a greater information search, that allows the analyst to become aware also of the differences between firms of the types k (non-affected) and j^{AG} (affected but not disclosing separately).

Following this logic, and building on the FASB (2010) notion that to assess consistency and comparability comparisons are needed that require at least two items (about the same entity for another period or of a similar entity) to "understand similarities in, and differences among, items," we conceptually define our measures of reporting consistency and comparability building on what we denote as the *typicality* of line items. Typical items are items that are commonly reported by the firm over time, or by similar firms in that period. Atypical items, in turn, are items that are not commonly reported by the firm over time, or by similar firms in that period. Our definition maps back into the conceptual considerations above that information is "more useful if it can be compared with similar information," in the obvious way that to make a comparison information must be present.

If atypical items are reported, or typical items are not reported (i.e., missing) we expect that consistency and comparability will be reduced because time-series and cross-sectional comparisons are impaired. Such comparisons are expected to be more time consuming and require additional

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information gathering by users as atypicality of financial statements increases. We summarize the above discussion into the following definition:

> Comparability and consistency are decreasing (and information costs increasing) in the atypicality of financial statements items reporting.

That is, firms are more consistent if they report the same line items over time, and they are more comparable if they report the same line items as other firms in their industry.[10]

2.2. Formal hypotheses

Against the above definition, we expect that financial statement users' have mental models (conscious or subconscious) that include an assessment of the frequency distributions of line items in the firms (within-firm) and industries (between firms) where their expertise is concentrated. This is because the line items correspond with the underlying economics of the industry and map back into users' detailed knowledge of operating, investment and financing transactions that characterize the firm, the industry and its business.[11] This means that users are expected to notice instances when atypical items are reported by firms, signaling either changes to the firm underlying economics or its disclosure policies, and perhaps more challenging, when typical items are not reported or discontinued.

2.2.1. Firm differentiation and atypical items

Our first hypothesis builds on prior findings in the literature and serves to validate our proxies. We expect that firms that operate in more complex environments and have more differentiated operating, investment and financing transactions are more inconsistent in their reporting choices and are

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[10] We acknowledge that 'similar' items may be dissimilar if they underpin dissimilar accounting treatments (Cairns et al. 2011). For example, if two firms report property, plant, and equipment under IAS 16 - Property Plant and Equipment, after initial measurement at cost, subsequent measurement may be either using a cost or revaluation model (IASB 2003). As noted in Franco et al. (2011, 901), it is possible for firms with different inputs to produce the same output "e.g., LIFO vs. FIFO when prices and inventory levels are constant". Our proxy abstracts from the reporting of actual amounts, but arguably, overall, this means that our comparability measures may, if anything, overestimate comparability, given these additional layers of plausible divergence.

[11] The extant literature on accruals modelling similarly infers that the underlying business of firms within a single industry is similar, such that deviations from industry norm may indicate abnormal accounting practices (see, e.g., Dechow et al. 1995, Dechow and Dichev 2002).

generally dissimilar to other firms in the industry and therefore score high in our atypicality measures. We formulate a first hypothesis as follows:

H1. Reporting of atypical items and non-reporting of typical items is more likely in complex, differentiated firms.

2.2.2. Users' information costs

Prior literature has explored the links between expert users, such as analysts, and the comparability of information, while the role of consistency has not been explored. We predict that information costs are growing in the atypicality of financial statements. To develop this prediction, we build on documented effects of comparability on the users' information environment. Franco et al. (2011) find that lower comparability is associated with lower analyst coverage, and difficulties in forecasting, which in turn is associated with greater analyst forecast errors and greater forecast dispersion. We therefore formulate our second hypothesis as follows:

H2. Information costs for financial statement users increase with the reporting of atypical items and the non-reporting of typical items.

Because of the granularity of our proxy, we can provide insights into users' behavior and actual use of financial statements. An interesting question is to what extent professional users of financial information are more willing to incur the costs of discovering and processing new information with respect to line items in the balance sheet or the income statement. A second issue of interests is whether analysts are equally able to detect and uncover the causes underpinning the reporting of atypical items *versus* the likely more challenging case of noticing and understanding why typical items are not reported or discontinued.

Given the evidence that both preparers and professional and non-professional users focus on bottom line figures, and particularly fixate on earnings numbers (Hand 1990; Dichev et al. 2013; Lerman 2020), we expect that financial statement users make greater efforts to understand atypicality in the income statement than in the balance sheet. This prediction follows obviously from the fact that analysts and other users focus on forecasting earnings, revenues and cash flows, which, no doubt, involve also understanding the articulation of financial statements and balance sheet items, but in the

short-term, we expect that users are more focused, and thus, are likely to detect unique reporting in the income statement rather than in the balance sheet. Second, we expect that they are more able to uncover, process and incorporate the information underpinning atypical item reporting (given that this is likely accompanied by extensive footnote disclosures) than the non-reporting of typical items, which even if material, may go largely unnoticed. It may also be the case that for reported atypical items, analysts have access to private information or can gain understanding of the underlying transaction whiles conducting their typical information gathering activities if, for example, managers discuss material atypical items in conference calls and other communications. We formulate our final set of hypotheses as follows:

H3a. The effects of non-reporting of typical items are lower than the effects of reporting of atypical items.

H3b. The effects of reporting typicality in income statement item reporting are larger than the effects of balance sheet item reporting.

3. Methodology

3.1. Consistency and comparability definition

To develop our proxy, we build on the work of Colas (2022), who develops a measure of industry differentiation and distance to the core, in terms of firm operations. We start from the disaggregation of balance sheet and income statement items as referenced in Chen et al. (2015) linking tables and examples (developed in their Internet Appendix). They provide a list of 57 items from the income statements (IS, henceforth) and 103 items from the balance sheet (BS). We download all these items from Compustat for all firms in our sample.

For each item we adopt the following steps. First, for each year we calculate a materiality threshold based on assets for BS items and on sales for IS items. The materiality threshold is set as the median value of the items weight for the identification of atypical items. For example, in 2019 the

materiality threshold for IS (BS) items is 1.94% (4.80%).[12] This means that we consider material

items that account for at least 1,94% (4.80%) of the sales (assets). This materiality threshold is

common to both the cross-sectional and time-series measures of comparability. These appear as

reasonable numbers, given that a commonly used rule of thumb for materiality is 5% of pre-tax

income (Chowdhury et al. 2019, De Inés Antón and Nguyen 2021). We set up a materiality threshold

to ensure items raise the attention of analysts, in that analysts may notice a typical material item is not

present in the financial statements of a firm, or alternatively, that a material atypical item is reported

by a firm. This is what Blankespoor et al. (2019) denote as awareness of the disclosure.[13] Awareness

is particularly important to detect missing disclosures. While an atypical item may immediately draw

the attention of the analyst, even if not material, the non-reporting of a particular item would be less

likely to be noticed, unless this is an item that the firm had typically disclosed in the past, or that other

firms in the industry disclose, and thus, it appears in the analyst model as an automated red flag if

missing. For ease of explanation, we first explain how we create the comparability measure.

For our cross-sectional analyses, first, we calculate the frequency of reporting of each item per

industry-year. We classify items as industry-typical when they are disclosed in more than 50% (75%;

90%) of the time. For each firm-year, we classify as atypical all the items disclosed by a firm in a

specific year that (i) are not industry-typical (disclosed less than 50% (75%; 90%) of the time by

industry peers) and that (ii) are material (weight is higher than the materiality threshold set). Our

measure of atypicality in reporting (COMP_ATYP) is the firm-year count of all the material atypical

items. Next, we classify as missing typical items all items that (i) are not disclosed by a firm that are

industry-typical items (disclosed more than 50% (75%; 90%) of the time by its industry peers) and (ii)

are material (the average weight of the item based on industry peers is higher than the materiality

threshold). Our measure of missing typical items in reporting (COMP_MS) is the firm-year count of

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[12] The materiality threshold ranges from 1,79% to 2,9% for IS items and 4.80% to 7.57%.

[13] Blakenspoor et al. (2019, 55) define awareness as becoming "aware that a disclosure exists. A "disclosure" can be a report or a piece of information within a report."

all the missing material typical items.[14] Since the item is missing, we compare the industry-year median weight of this item to (the yearly) materiality threshold to determine if the item is material. Finally, COMP_ATYP_IS (COMP_ATYP_BS) represent the firm-year sum of all material atypical items coming from the income statement (balance sheet), while COMP_MS_IS (COMP_MS_BS) is the sum of all "missing typical items". Ultimately, COMP_ATYP (COMP_MS) represent the sum of COMP_ATYP_IS and COMP_ATYP_BS (COMP_MS_IS and COMP_MS_BS). Our proxy for comparability (COMP) represents the log value of the sum of COMP_ATYP and COMP_MS, plus one, and multiplied by minus one to better reflect comparability (i.e. more atypical items and missing typical items imply less comparability). See appendix 1 for all variable definitions.

Using the same series, we create measures of consistency (CONS), in the time-series application of our method. To do this, we first calculate rolling frequencies over the last 10 years for each item per firm-year. We classify items as firm-typical if the item has been disclosed in more than 50% of the time (at least 5 years over the last 10 years). The rest of the methodology is similar to the cross-sectional one, except that the same item cannot be classified as atypical or missing typical more than two consecutive years. Appendix 2 contains a detailed example of our consistency measure. To provide an initial validation of our proxy, we randomly select a sample of firms that score high in CONS_ATYP and CONS_MS and look at their financial statements in EDGAR. This exploratory analysis suggests that our measures identify atypical reporting. Appendix 3 provides several illustrative examples from firm financial statements. For the purpose of this illustration, we focus on consistency, which is easier to notice by having, side-by-side, the financial statements of firms from oner period to the next.

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[14] For example, a firm could disclose five material items that are not frequent in the industry, while it may not disclose two items that are typically material and disclosed by other firms in the industry. This firm would have COMP_ATYP=5, and COMP_MS=2.

3.2. The determinants of consistency and comparability

Under H1, we expect that our measures are increasing with firm differentiation. Differentiated, complex firms are more likely to be inconsistent reporters, and also, to be less comparable. Such dissimilar firms are more likely to disclose material atypical items or non-disclose material typical items. To test this prediction, we run the following model:

$$\text{CONS/COMP}_{i,j,t} = \tau_j + \gamma_t + \eta' \text{ Firm Uniqueness}_{i,t,j} + \varphi' \text{ Controls} + \varepsilon_{i,j,t}, \qquad (1)$$

where, CONS/COMP is alternatively, our measure of material atypical item reporting (CONS_ATYP and COMP_ATYP), our measure of non-reporting of material typical items (CONS_MS and COMP_MS), or the consistency/comparability proxy (CONS and COMP), for each firm i, operating in industry j, at time t. Firm Uniqueness is a vector of variables that capture the uniqueness of the firm. To the extent that our proxy for atypicality adequately measures the consistency and comparability constructs, we expect η will be negative and significant, reflecting that firms that are unique are dissimilar both over the time-series and in cross-section to other firms in the industry, and thus, should score low on CONS/COMP. The model includes industry- and year-fixed effects, and we cluster standard errors by firm.

Firm Uniqueness includes measures of volatility of the underlying economics, as measured by the standard deviation of firm cash flows from operations (σ_cfo) and sales (σ_sales), the complexity of the business it operates in as measured by its operating cycle (op_cycle), intangible intensity (Intangibility) and capital intensity (Cap_Intensity), and the uniqueness of the firm, as measured by the its product differentiation (Prod_Diff), the industry concentration (Ind_Conc), the number of segments the firm reports (NSegments), and the reporting of special items (Special_Items). In addition, we control for determinants of the firm information environment, which may drive comparability of the firm, as noted in Franco et al. (2011) such as Size, book-to-market (BTM), and loss reporting (Loss). Finally, we also control for the disaggregation proxy of Chen et al. (2015) (dq_chen) to ensure that our proxies capture economically distinct constructs.

3.3. Users' information costs when consistency and comparability are low

To test H2, that predicts users suffer greater information costs when consistency and comparability are low, we use the following model:

$$\text{Users\_Info}_{i,j,t} = \tau_j + \gamma_t + \beta\ \text{CONS/COMP}_{i,j,t} + \eta'\ \text{Firm Uniqueness}_{i,t,j} + \varphi'\ \text{Controls} + \varepsilon_{i,j,t}, \quad (2)$$

where, Users_Info is a proxy for users' information costs. In our first set of analyses, we focus, following Franco et al. (2011) on analysts, and study analyst coverage, analyst forecast error and analyst forecast dispersion, which we describe in detail in Appendix 1. We also explore, in further analyses, the downloading of 10-K files from the EDGAR database, to provide evidence on nonprofessional investors information usage, and in our final tests, look at market reactions to earnings announcements. We explain these tests and proxies in detail in section 4.3. All other variables in model (2) are as previously defined. To the extent that our proxy for atypicality adequately measures the consistency (CONS) and comparability (COMP) constructs, we expect β will be negative and significant when we look at analyst coverage and accuracy, and positive and significant when we look at analyst forecast dispersion, reflecting that earnings are more difficult to forecast in firms with low comparability. We also expect to observe a greater number of 10-K downloads when consistency and comparability are low, indicating that users of financial statements gather more information when financial statements are atypical. Finally, when we look at market reactions over a two-day window surrounding earnings announcements that are concurrent with the disclosure of the 10-K, we expect to observe greater market reactions in firms that report consistently and comparably, consistent with users incorporating information in a more timely and complete manner when this information can be compared within firm, and with other firms in the industry. Model (2) includes industry- and year-fixed effects, and we cluster standard errors by firm.

Finally, to test H3a and H3b, we look separately at evidence on CONS/COMP for the income statement (IS) and balance sheet (BS), and for material atypical item reporting and material typical item non-reporting.

4. Main results

4.1. Descriptive statistics

Figure 2 plots the average number of material items reported (nb_items) per year by sample firms, as well as the number of items classified as atypical (COMP_ATYP) and missing typical (COMP_MS). The evidence in Figure 2 suggests that in the last decades there has been a steady growth in the number of items reported. The non-reporting of typical items and the reporting of atypical items also grows over time. The average financial statements in 1999 contains 50 material items, out of which 10 are atypical. In 2019, these numbers are up to 63 and 10, respectively. Table 1 Panel A presents the number of missing typical and atypical items by financial statement, separately for the income statement and the balance sheet. Atypical items are concentrated in the balance sheet, which has, on average, more items and appears less standardized than the income statement, which only contains, on average, one atypical item. Table 1 Panel B details the distribution of atypical and missing typical items by industry at the GICS4 level. Table 1 Panel C details the most frequent items that are considered as atypical and as missing typical, by aggregated account. It can be seen that these are a mix of uncommon items representing transactions that may not be commonly undertaken (like mergers and acquisitions, and the associated goodwill, or business restructuring that gives rise to discontinued operations), as well as items that reflect that are only rarely disaggregated because they may relate to complex accounting (marketable securities adjustments or equity in earnings – unconsolidated subsidiaries) or to information that, while relatively common, may be proprietary or that the firm prefers not to disclose (staff expenses).

Table 2 presents descriptive statistics of our main variables of interest (Panel A) and a correlation matrix (Panel B). On average, for firms that have full data to conduct all of our tests, firms report an average of 72 material items in the balance sheet and income statement, with substantial variation, given a minimum of 31 items and a maximum of 94. Out of this, for our cross-sectional proxy we classify 13 as atypical (COMP_ATYP), where only 1 of these items is, on average, located in the income statement, that appears to be more standardized than the balance sheet, where it is not

uncommon to find items that are atypical. The average firm financial statements does not disclose 5 items that are typical (COMP_MS) of other firms in the same industry (4.43 in the BS and 0.38 in the IS). For our time-series proxy, we classify on average 2 items that atypical (CONS_ATYP), coming equivalently from the income statement and the balance sheet. On average a firm has one missing typical item (CONS_MS=0.8187) coming mainly from the balance sheet (CONS_MS_BS=0.6895). Our control variables are generally consistent with prior research.

4.2. Analysts' coverage, and forecast errors and dispersion

Table 3 Panel A presents the results from running model (1), in three separate specifications, for COMP, and its decomposition into COMP_ATYP and COMP_MS. The results in this table indicate that low comparability is concentrated in firms that operate in more volatile, intangible-intensive environments, have longer operating cycles, more segments, and report more special items. Also, in firms with greater product differentiation, as per Hoberg and Philips (2016) measure. This serves as validation of our parsimonious comparability measure. Our model has substantial explanatory power for the reporting of atypical items (adjusted R-sq of 0.45), while we are less able to explain the non-reporting of typical items, this is as expected and consistent with H3b, as it is more difficult generally to interpret non-reporting. Panel B presents the results for CONS and its decomposition (CONS_ATYP and CONS_MS). Results are similar except for the size and product differentiation variable which are positively associated with consistency.

Table 4 presents the results from model (2) where we look at analyst coverage decisions. In Panel A the results confirm that comparability is associated with greater coverage. We find that our proxies of atypical item reporting and non-reporting of typical items are negatively associated with analyst coverage, as expected. Surprisingly, in Panel B we find that consistency is associated with lower coverage. The effect is driven by CONS_ATYP (rather than CONS_MS), suggesting that firms disclosing more atypical items receive more coverage. One plausible explanation for this result is our proxy for consistency also captures the incremental information provided by the firm, which could be

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a useful input for financial analysts.[15] Table 5 and Table 6 provides results from running model (2) when we focus on forecast accuracy and forecast dispersion, respectively – for both comparability (Panel A) and consistency (Panel B) proxies. Consistent with the work of Franco et al. (2011) and our prediction, we find that forecast accuracy is lower and dispersion greater when firms report material atypical line items. We do not find evidence of an impact of the non-reporting of typical items, which is consistent with H3, and our evidence above, that non-reporting of typical items is more difficult to interpret.

In Table 7 we look separately at the balance sheet and the income statement effects. Overall, we find that balance sheet items appear to be more disruptive, this is as expected, and would indicate that analysts are more likely to research into low comparability in the income statement, such that the reporting of atypical items by firms or the non-reporting of typical items does not impact on the accuracy and dispersion of analysts' forecasts, while balance sheet items are either more complex, less familiar for analysts or less researched, if comparability is low, and they appear to drive the results reported in Tables 4 to 6.

To ensure that our results are not driven by the threshold we choose to identify typical and atypical items, in Table 7, we alter this threshold, moving it from 50/50 to 75/25 in columns (1) and (2) of all Panels, and to 90/10 in columns (3) and (4) of all Panels. Our results are robust to this alternative, more restrictive definition of typicality.

4.3. Information acquisition costs

4.3.1. Downloading of 10-K files from EDGAR

To better understand the role of comparability and consistency in generating information processing costs, we explore the level of 10K downloads. If users use simple models that may even directly populate data points into their valuations, missing or atypical values and items may be detected when

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[15] This effect can also be exacerbated by measurement error. In robustness checks, when using a stricter threshold (90/10) to classify items as typical, we do find that lower consistency reduce firms' coverage.

annual reports data is first available *via* terminals such as Bloomberg. If users detect a lack of comparability or consistency, they may download the annual report in full, to assess the notes in detail and better understand the raw data. To the extent that users are aware of them, we expect such information gathering activities are associated to changes in comparability and consistency. To test this notion, we obtain data on the total number of 10K downloads (10K_DLS), and look at downloads over different windows with respect to the earnings announcement. We report the results from this test in Table 9. Panels A and B present results of the association between number of downloads of 10K annual reports and changes in comparability and consistency, respectively. In Panels C and D, we look separately at whether these changes are created by missing items and atypical items, again first for comparability in Panel C and then, for consistency, in Panel D. In all Panels, we report three columns, for the sum of downloads in windows of zero to two days since the announcement (column 1), two to seven days (column 2) and zero to seven days (column 7). This permits understanding in which window awareness, and therefore, gathering of information, takes place.[16]

While we find no clear evidence of an effect of comparability in Panel A, we find evidence of negative coefficient on $CONS_{t-1}$ in Panel B. This indicates that more consistency is associated with less 10K downloads; in other words, less consistency (i.e., more missing items or/and more atypical items disclosed) is associated with more downloads. We also find a negative coefficient on $\Delta CONS$. That is, an increase in consistency is associated with less downloads. The intuition is that if a company discloses new atypical items or fails to report typical item for the first year it leads to more 10K downloads. This does not necessarily mean that there is a decrease, in that year, in actual consistency, as per the IASB definition, as it is possible that the firm has stopped reporting on a given item or started reporting on a new item because of changes in the underlying business. However, our proxy does detect these types of changes, and we do find that users act in a manner that suggests a

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[16] Alternatively, timing differences could also reflect perceive relevance, i.e., analysts and other expert users may be aware of the lack of comparability/consistency, but prioritize other issues before going over the notes to the financial statements in detail.

lack of consistency is detected, and potentially, annual reports obtained, to better understand why consistency is lower.

In Panel D, we also find a positive coefficient on $CONS\_MS_{t-1}$, indicating that when there are more missing typical items there are more 10K downloads. This is in line with the evidence in the above panels. Note that the coefficients on $CONS\_MS_{t-1}$, $\Delta CONS\_MS$ and $\Delta COMP\_MS$ are significative only during the middle window [3,7]. A potential interpretation of this is that investors need time to notice these changes in the financial statements. Another plausible interpretation is that the "MS" component is less likely driven by observable outcomes that can be more easily anticipated (for example any shock regarding the operations of the company should be in the news before the 10K release). The atypical items (ATYP component) are maybe more related to these operational shocks. Overall, our evidence can be interpreted as awareness costs being higher for the MS component than for the ATYP one.

4.3.2. Market reactions to earnings announcements

In our final set of tests, we look at market reactions to earnings announcements (EA) that are concurrently released with the 10-K, following the work of Arif et al. (2019). Specifically, we calculate earnings response coefficient (ERC) using cumulative abnormal returns (based on four-factor Fama-French model) around the two-day window surrounding the EA. When the 10-K is filled concurrently with the EA, investors are expected to react faster and more completely to consistent than inconsistent financial statements because the level of new information (i.e., new line items) to incorporate is lower. Therefore, we predict higher ERC for consistent reporters. For standalone EAs, we do not make any prediction since when the earnings are announced the 10-K is not publicly available, preventing investors from making decisions based on the typicality of financial statements.

We separately study good and bad news firms since the determinant analysis show that consistency (comparability) is associated with performance and volatility.[17] Earnings surprises are

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[17] Inconsistently reporting firms could proxy for better (or worse) performing firms as shown in Table 3. By focusing on extreme quintiles of earnings surprises, we aim to compare firms sharing the similar level of performance so we can actually capture the news incorporation rather than the news magnitude itself.

measured using the difference between the latest analysts' consensus EPS forecast and the actual EPS as reported in I/B/E/S. We then split firms into quintiles according to the surprise. Bad news firms are those in first quintile and good news firms those in the fifth quintile.

The results from this test are presented in Table 10. We report the ERC around both the EAs (ERC_EA) and the 10-K filing (ERC_10K). For parsimony, we present only the ERC_10K when the 10-K is filled concurrently with the EA, and the ERC_EA for standalones EAs. We split the sample between high consistency (CONS=0) versus low consistency (CONS<0), and between high comparability (COMP higher than the yearly median value of COMP) and low comparability (COMP lower than the median). First, on average, we confirm the results from Arif et al. (2019). We find that the market reaction is higher for standalone EAs than for concurrent EA/10-K releases, for both bad news (-2.8% *versus* -2.2%) and good news (2.4% *versus* 1.8%). Second, when the 10-K is issued concurrently with the EA (*Concurr*=1), in bad news firms we find a larger ERC for consistent reporters (ERC_10K= -3.4%) than for inconsistent reporters (ERC_10K= -2.0%). We observe similar results for good news firms, as the ERC is also higher for consistent reporters (2.4% *versus* 1.6%). In panel B, we show that the effect is mainly driven by atypical items for bad news as the ERC_10K is lower (-2.0% versus -2.7%) when atypical items are reported (CONS_ATYP>0) than when no atypical items is reported (CONS_ATYP=0). For good news, the difference in market response between consistent and inconsistent reporting firms documented in Panel A is driven by both missing typical items (CONS_MS) and atypical items. Overall, this indicates consistency allows for a more timely and complete incorporation of bad news into prices.

We do not find such clear patterns for comparability in either of these tests, except for good news This suggest that comparability may be more difficult to detect by users. An alternative explanation is that investors can benefit from intra-industry information transfers, reducing the effect of the focal firm financial statements on its own stock price.

5. Conclusions

We propose and validate two parsimonious measures of consistency and comparability, by constructing firm- and industry-weighted measures of item reporting uniqueness. We use the

frequency with which material line items are non-missing to identify firm reporting of 'typical' and 'atypical' items. Consistency and comparability decrease when firms disclose material atypical items or when they do not disclose material typical items. We predict that information acquisition costs for users are decreasing in financial statement consistency and comparability. We find evidence consistent with this prediction. Analysts are less likely to follow firms that disclose material atypical items, or do not disclose material typical items. We also find evidence of greater forecast errors and forecast dispersion when consistency and comparability are low, as well as evidence of greater downloading of 10-Ks. Finally, our results on market returns around earnings announcements suggests inconsistencies in reporting may be easier to detect for users than lack of comparability.

We make several contributions. First, we offer parsimonious measures for consistency and comparability that are both conceptually sound and easy to implement and can be used to measure cross-sectional comparability and within-firm consistency. This builds and adds to the work of Chen et al. (2015), as we use their disaggregation score to compute simple proxies of similarity between firms within an industry. Second, we contribute to the literature on analysts and users' information costs, by providing additional evidence that coverage decisions are associated with firm accounting consistency. One interpretation of our findings is that of lazy information incorporation, in the sense of Cohen et al. (2020) 'lazy' prices argumentation, which suggests markets do not fully incorporate annual changes in 10-K disclosure. Our evidence suggests users may not fully incorporate the information in financial statements when comparability and consistency are low.

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Appendix 1**: Variable definitions**

Variable		
X_ATYP	Atypical items	See section X for more details. The "X_" prefix denotes for measurement based on cross-sectional (COMP_) or time-series (CONS_) data.
X_ATYP_IS	Atypical items from the income statement	See section X for more details
X_ATYP_BS	Atypical items from the balance sheet	See section X for more details
X_MS	Missing typical items	See section X for more details
X_MS_IS	Missing typical items from the income statement	See section X for more details
X_MS_BS	Missing typical items from the balance sheet	See section X for more details
COMP	Measure of comparability	Log value of ATYP plus MTYP plus one, multiplied by -1
CONS	Measure of consistency	Log value of ATYP_TS plus MTYP_TS plus one, multiplied by -1
Nb_items	Total number of items disclosed by the company	See section X for more details
Coverage	Number of analysts following	Log value of the number of analysts following the firm (NUMEST item in I/B/E/S)
Dispersion	Analysts forecasts dispersion	Analyst forecast dispersion from the latest forecasts before the actual earnings announcement, multiplied by 100 and scaled by the firm share price at the end of the previous fiscal year
Accuracy	Analysts forecasts accuracy	Absolute value of the difference between the median of the latest (1-year ahead annual) analysts' forecasts before the earnings announcements (MEANEST item in I/B/E/S) and the actual earnings (ACTUAL in I/B/E/S), multiplied by -100 and scaled by the firm share price at the end of the previous fiscal year
AVG_AT	Average total assets	Total assets (AT) + lagged total assets divided by 2
Size	Firm's size	Natural logarithm of AVG_AT
σ_cfo	Operating cash-flow volatility	Standard deviation of cash flow from operations (CFO) over the previous four years
σ_sales	Sales volatility	Standard deviation over the previous four years of sales (SALE) divided by AVG_AT
op_cycle	Operating cycle	Log value of the account receivables turnover ratio + inventory turnover ratio, where both ratios are expressed in days
Loss		Indicator variable equal to one, i the firm experienced a loss (IB<0), 0 otherwise
Intangibility	Intangible intensity	Advertising expenses (XAD) + Research & Development expenses (XRD) divided by AVG_AT; XAD and XRD takes the values of 0 if missing.
Cap_Intensity	Capital intensity	Property Plant and Equipment (Net) (PPENT) divided by AVG_AT
Ind_Conc	Industry concentration ratio	Four-firm concentration ratio as calculated in Song (2020)
BTM	Book to market ratio	Book value of equity (CEQ) divided by market value of equity (CSHO*PRCC_F)
Prod_Diff	Product differentiation	Total Similarity measure from Hoberg and Phillips (2016) multiplied by -1 to reflect product differentiation
Last_yr		Dummy variable equal to one if it is the last year the firm is covered by Compustat
NBS	Number of business segments	Log value of the number of business segments

SPECIAL_ITEMS	Special items	Absolute value of special items (SPECIAL_ITEMS) scaled by AVG_AT
Days		Log value of the number of days between the last analyst forecast date (statpers) and the earnings announcement date (anndats_act) from I/B/E/S.
σ_ret	Returns volatility	Log value of the standard deviation of daily returns over the same period as Turnover
10K_DLS	Annual report (10K) total downloads	Log value (plus one) of the total numbers of the 10K, excluding the downloads from robots (Ryans method). We thank James Ryans (http://www.jamesryans.com) for sharing the data.
Earn_surp	Earnings surprise	Change in year-to-year return on assets (income before extraordinary items – IB item in Compustat – divided by total assets).
MOM	Momentum	60-day cumulative abnormal returns (market-adjusted) ending 5 days before the 10K release date.

***Appendix 2*: Fictitious example for the time-series consistency measure**

To understand the construction of the variables, we provide a simple example. Item X is disclosed by firm Z, from 2000 to 2009. In 2010 and 2011 the item is not disclosed, becoming a "missing typical item" (CONS_MS=1). In 2012, for three consecutive years, the item has been missing, and thus, we expect that analyst should have learned about this missing item.

In 2016, the first starts again to disclose this item, because the firm had not disclosed it in the period 2010-2015, by 2016 the item is no longer a typical item, as it has been disclosed less than 50% of the years in the last 10 years window. Thus, in 2016 and 2017 we consider this item as a non-typical item disclosed (CONS_ATYP=1), by 2018, analysts should be used to the atypical item, and should not affect firm comparability any longer.

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Disclosed	1	1	1	1	1	1	1	1	1	1	0	0	0	0	0	0	1	1	1
CONS_ATYP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0
CONS_MS	0	0	0	0	0	0	0	0	0	0	1	1	0	0	0	0	0	0	0

Atypical items reflect two potential sources of heterogeneity in disclosure: a) items that are atypical by nature, i.e., items that are disclosed in an industry where one would not expect them to be disclosed (e.g., XRD in a retail industry); and b) items that are more important (material) than expected, i.e., items that have a weight higher for that company than for the rest of industry.

Examples:

Atypical items by nature #1: Research and Development (XRD) expense in the Specialty Retail industry (gics255040): Sleep Number Corporation – 2016; 2019; and 2020: Classified in the «Specialty Retail» industry (gics255040). XRD (R&D expense) classified as "Atypical" in 2016 (2.13% of sales), 2019 (2.05%) and 2020 (2.20%); It is very infrequent (3.78%; 4.17% and 2.94% of the time in these years) that firms in that industry disclose XRD with a relatively low materiality (2.13%, 0.2% and 2.2% respectively).

Atypical items by nature #2: Rental income (IRENT) in the Technology Hardware, Storage & Products industry (gics452020). Echostar Corporation – 2012 to 2018.

Atypical items by nature #3: Property Plant & Equipment – Machinery and Equipment at Cost (FATE) in the Diversified Telecommunications Services industry (gics501010). Never considered as "typical" item from that industry over the sample. Intelsat SA – 2016 to 2019. Represent 71% to 86% of total assets (at cost); item disclosed 36% to 38% of the time in that industry

Appendix 3. Illustrative example

J.CREW GROUP, INC.
Consolidated Balance Sheets
(in thousands, except share data)

	January 28, 2012 (Successor)	January 29, 2011 (Predecessor)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 221,852	$ 381,360
Merchandise inventories	242,659	214,431
Prepaid expenses and other current assets	48,052	39,104
Deferred income taxes, net	9,971	—
Prepaid income taxes	4,087	—
Total current assets	526,621	634,895
Property and equipment, at cost	281,518	367,893
Less accumulated depreciation	(16,946)	(170,683)
Property and equipment, net	264,572	197,210
Favorable lease commitments, net	48,930	—
Deferred financing costs, net	58,729	970
Deferred income taxes, net	—	20,171
Intangible assets, net	985,322	4,343
Goodwill	1,686,915	—
Other assets	2,433	2,577
Total assets	$3,573,522	$ 860,166
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 158,116	$ 147,083
Other current liabilities	116,339	117,642
Interest payable	26,735	—
Income taxes payable	—	1,673
Deferred income taxes, net	—	4,277
Current portion of long-term debt	15,000	—
Total current liabilities	316,190	270,675
Long-term debt	1,579,000	—
Unfavorable lease commitments and deferred credits, net	53,700	67,665
Deferred income taxes, net	410,515	—
Other liabilities	37,065	10,705
Total liabilities	2,396,470	349,045
Stockholders' equity:		
Common stock (Predecessor) $0.01 par value; 200,000,000 shares authorized, 65,262,679 shares issued, and 63,909,780 shares outstanding	—	653
Common stock (Successor) $0.01 par value; 1,000 shares authorized, issued and outstanding	—	—
Additional paid-in capital	1,183,606	630,025
Accumulated other comprehensive loss	(18,963)	—
Retained earnings (accumulated deficit)	12,409	(112,226)
Treasury stock, at cost (no shares and 1,352,899 shares held)	—	(7,331)
Total stockholders' equity	1,177,052	511,121
Total liabilities and stockholders' equity	$3,573,522	$ 860,166

J.CREW GROUP, INC.
Consolidated Balance Sheets
(in thousands, except shares)

	January 29, 2011	January 30, 2010
Assets		
Cash and cash equivalents	$ 381,360	$ 298,107
Merchandise inventories	214,431	190,231
Prepaid expenses and other current assets	39,104	29,522
Prepaid income taxes	—	1,455
Total current assets	634,895	519,315
Property and equipment—at cost	367,893	348,584
Less accumulated depreciation and amortization	(170,683)	(153,969)
	197,210	194,615
Deferred income taxes, net	20,171	14,851
Other assets	7,890	9,777
Total assets	$ 860,166	$ 738,558
Liabilities and Stockholders' Equity		
Accounts payable	$ 147,083	$ 127,733
Other current liabilities	117,642	106,652
Income taxes payable	1,673	—
Deferred income taxes, net	4,277	958
Total current liabilities	270,675	235,343
Long-term debt	—	49,229
Deferred credits	67,665	67,646
Other liabilities	10,705	10,462
Total liabilities	349,045	362,680
Stockholders' equity:		
Common stock $.01 par value; authorized 200,000,000 shares; issued 65,262,679 and 65,069,863 shares; outstanding 63,909,780 and 63,778,998 shares	653	649
Additional paid-in capital	630,025	613,383
Accumulated deficit	(112,226)	(233,731)
Treasury stock, at cost (1,352,899 and 1,290,865 shares held)	(7,331)	(4,423)
Total stockholders' equity	511,121	375,878
Total liabilities and stockholders' equity	$ 860,166	$ 738,558

FORTIVE CORPORATION AND SUBSIDIARIES
CONSOLIDATED AND COMBINED BALANCE SHEETS
($ and shares in millions, except per share amounts)

	As of December 31	
	2016	2015
ASSETS		
Current assets:		
Cash and equivalents	$ 803.2	$ —
Accounts receivable less allowance for doubtful accounts of $47.8 million and $45.6 million, respectively	945.4	979.3
Inventories	544.6	522.9
Prepaid expenses and other current assets	195.5	91.9
Total current assets	2,488.7	1,594.1
Property, plant and equipment, net	547.6	514.8
Other assets	427.2	393.7
Goodwill	3,979.0	3,949.0
Other intangible assets, net	747.3	759.0
Total assets	$ 8,189.8	$ 7,210.6
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	$ 666.2	$ 657.1
Accrued expenses and other current liabilities	800.3	666.4
Total current liabilities	1,466.5	1,323.5
Other long-term liabilities	674.3	704.6
Long-term debt	3,358.0	—
Equity:		
Preferred stock: $0.01 par value, 15 million and 100 shares authorized, respectively; no shares issued or outstanding in either period	—	—
Common stock: $0.01 par value, 2.0 billion and 100 shares authorized; 346.0 million and 100 shares issued; 345.9 million and 100 shares outstanding, respectively	3.5	—
Additional paid-in capital	2,427.2	—
Retained earnings	403.0	—
Former Parent's investment, net	—	5,193.9
Accumulated other comprehensive income (loss)	(145.8)	(14.4)
Total Fortive stockholders' equity	2,687.9	5,179.5
Noncontrolling interests	3.1	3.0
Total stockholders' equity	2,691.0	5,182.5
Total liabilities and stockholders' equity	$ 8,189.8	$ 7,210.6

Figure 1: Typical and atypical items: conceptualization of reporting and non-reporting

	Typical vs. Atypical items	
	Typical item	**Atypical item**
Reporting	Common/Typical item is reported in financial statements *Baseline case.* Low information costs associated	Uncommon/Atypical item is reported in financial statements Users may have greater acquisition and processing costs. Awareness cost likely to be low.
Non-reporting (Missing)	Common/Typical item is unreported/missing in financial statements. Awareness costs likely to be high. If aware, users may have high acquisition and processing costs.	Uncommon/Atypical item is unreported/missing in financial statements. *Baseline case.* Low information costs associated

Figure 2: Evolution of the total number of items, atypical items, and missing typical items
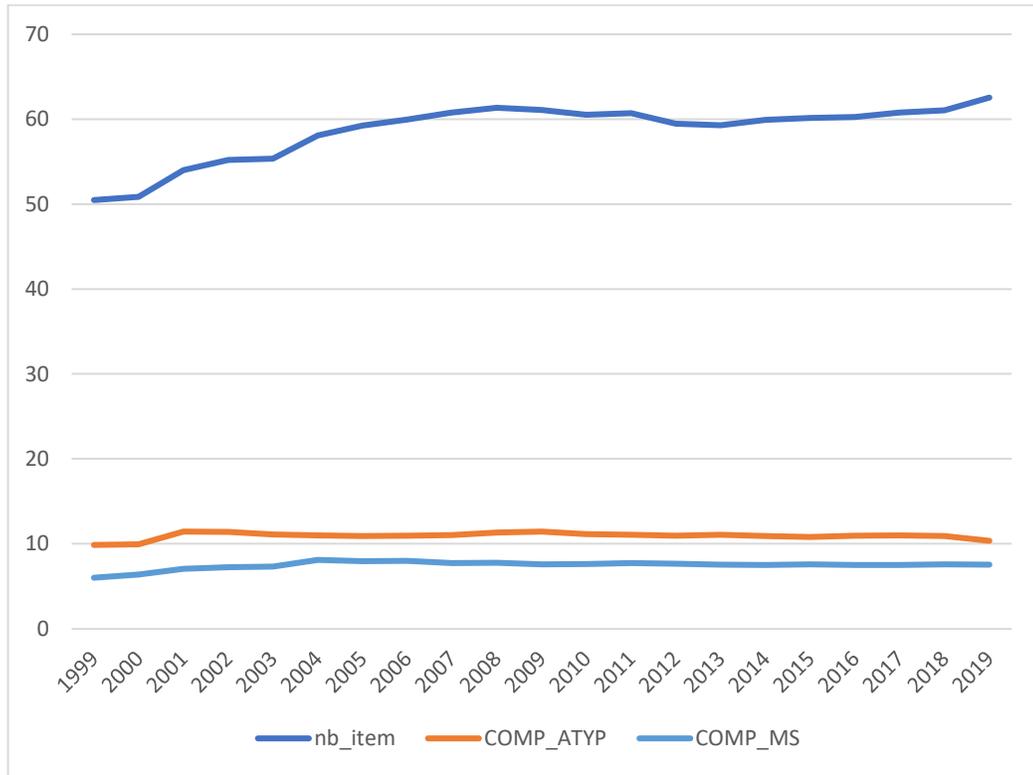
Evolution of average number of material items (nb_items) in the income statement and balance sheet for the period1999-2019. Out of these items, Figure 2 also identifies the average number of reported atypical items (COMP_ATYP) and of missing/non-reported typical items (COMP_MS).

Table 1: Atypical and missing typical items

Panel A: Number of atypical and missing typical items by parent account

	Income Statement	Total number	COMP_ATYP			COMP_MS		
			Mean	STD	Scaled by total	Mean	STD	Scaled by total
citotal	Comprehensive Income - Total	6	0.0441	0.2294	0.0074	0.0276	0.1694	0.0046
nopi	Nonoperating Income (Expense)	6	0.1155	0.3695	0.0193	0.0496	0.2262	0.0083
Special_Items	Special Items	11	0.1505	0.4785	0.0137	0.0014	0.0381	0.0001
Txt	Income Taxes	10	0.1802	0.5360	0.0180	0.0864	0.2895	0.0086
xido	Extraordinary Items and Discontinued Operations	4	0.0804	0.3256	0.0201	0.0025	0.0592	0.0006
xint	Interest and Related Expense	1	0.0427	0.2023	0.0427	0.0050	0.0706	0.0050
xopr	Operating Expenses	12	0.3542	0.6365	0.0295	0.4052	0.7383	0.0338

	Balance Sheet	Total number	Mean	STD	Scaled by total	Mean	STD	Scaled by total
act	Current Assets	20	0.3190	0.6383	0.0159	0.3301	0.7702	0.0165
ao	Assets - Other	4	0.0265	0.1655	0.0066	0.0073	0.0889	0.0018
ceq	Common/Ordinary Equity - Total	20	0.3577	0.8091	0.0179	0.2447	0.6647	0.0122
dltt	Long-Term Debt - Total	17	0.8701	1.3564	0.0512	0.3697	0.7186	0.0217
intan	Intangible Assets - Total	2	0.0910	0.3079	0.0455	0.1063	0.3571	0.0531
ivao	Investment and Advances Other	1	0.0050	0.0702	0.0050	0.0000	0.0000	0.0000
lct	Current Liabilities	11	0.2593	0.5944	0.0236	0.2480	0.5889	0.0225
lo	Liabilities - Other	1	0.0137	0.1162	0.0137	0.0021	0.0455	0.0021
ppent	Property, Plant and Equipment - Total (Net)	9	0.2165	0.5460	0.0241	0.3058	0.6906	0.0340
pstk	Preferred/Preference Stock (Capital)	6	0.2506	0.9017	0.0418	0.0024	0.0695	0.0004
txditc	Deferred Taxes and Investment Tax Credit	2	0.0364	0.1873	0.0182	0.0104	0.1015	0.0052

Table 1 (cont'd)

Panel B. Number of atypical items by GICS4

		N Obs.	COMP_MS_BS		COMP_ATYP_BS		COMP_MS_IS		COMP_ATYP_IS	
1010	Energy	16,317	1.902	2.292	3.705	2.851	1.365	1.650	1.644	1.839
1510	Materials	19,796	1.655	2.565	3.479	3.565	1.052	1.313	1.125	1.844
2010	Capital Goods	13,131	3.245	3.259	2.607	2.117	0.444	0.844	0.842	1.277
2020	Commercial & Professional Services	5,999	3.081	3.381	3.787	2.551	0.501	0.968	1.104	1.492
2030	Transportation	3,531	2.600	2.723	2.374	2.052	0.827	1.149	1.002	1.322
2510	Automobiles & Components	2,098	3.154	3.135	2.524	2.013	0.499	0.806	0.817	1.132
2520	Consumer Durables & Apparel	5,526	3.705	3.564	3.109	2.269	0.478	0.938	0.885	1.232
2530	Consumer Services	6,350	3.697	3.557	2.845	2.229	1.103	1.553	1.364	1.506
2540	Media – disc. in 2018	2,477	2.911	2.980	4.169	2.762	1.113	1.434	1.915	1.930
2550	Retailing	6,261	2.727	2.507	2.994	2.309	0.495	0.929	0.652	1.260
3010	Food & Staples Retailing	1,419	2.694	2.474	1.809	1.597	0.143	0.377	0.543	0.969
3020	Food, Beverage & Tobacco	4,522	3.649	3.313	2.289	1.850	0.473	0.992	1.280	1.437
3030	Household & Personal Products	1,905	3.582	3.801	3.661	3.011	1.133	1.428	1.128	1.392
3510	Health Care Equipment & Services	11,225	2.521	2.985	3.470	2.714	1.004	1.219	1.362	1.578
3520	Pharmaceuticals, Biotechnology & Life Sciences	14,713	2.023	2.235	3.983	3.256	2.093	1.576	2.117	2.472
4010	Banks	16,770	0.230	0.803	0.568	2.193	0.607	1.472	1.287	2.315
4020	Diversified Financials	7,874	3.586	3.019	6.110	5.225	2.228	2.230	3.309	3.475
4030	Insurance	3,994	0.903	1.398	2.155	3.286	0.328	0.882	1.937	2.350
4040	Real Estate – disc. in 2016	1,845	3.175	3.059	3.791	3.787	1.595	1.890	3.262	3.340
4510	Software & Services	14,764	2.343	2.713	3.321	2.831	1.089	1.471	1.488	1.626
4520	Technology Hardware & Equipment	10,549	2.230	2.307	3.096	2.495	0.514	0.844	1.115	1.472
4530	Semiconductors & Semiconductor Equipment	4,187	1.896	1.921	2.700	2.393	0.522	0.888	1.121	1.338
5010	Telecommunication Services	3,881	1.982	2.564	3.483	2.613	1.271	1.314	1.938	1.640
5020	Media & Entertainment	3,901	2.935	3.024	3.097	2.321	1.386	1.608	1.740	1.594
5510	Utilities	6,674	1.383	1.557	1.407	2.182	0.549	1.196	1.141	1.565
6010	Real Estate	5,499	2.611	2.878	3.624	4.102	1.571	2.026	2.627	3.006
	Total	195,208	2.277	2.792	3.088	3.106	1.005	1.475	1.464	2.016

Table 1 (cont'd)

Panel C. Most frequent item by parent account

IS		Atypical items				Typical items		
parent	item	Label	PCT	N	item	label	PCT	N
citotal	cicurr	Comp Inc - Currency Trans Adj	0.27%	6,294	cibegni	Comp Inc - Beginning Net Income	0.39%	9,046
nopi	esub	Equity in Earnings - Unconsolidated Subsidiaries	0.56%	12,830	nopio	Nonoperating Income (Expense) - Other	0.49%	11,344
Special _Items	wdp	Writedowns Pretax	0.21%	8,848	nrtxt	Nonrecurring Income Taxes After-tax	0.01%	330
txt	txc	Income Taxes - Current	0.52%	20,085	txc	Income Taxes - Current	0.57%	21,859
xido	do	Discontinued Operations	0.89%	13,681	do	Discontinued Operations	0.04%	616
xint	xintd	Interest Expense - Long-Term Debt	4.27%	16,384	xintd	Interest Expense - Long-Term Debt	0.50%	1,920
xopr	xlr	Staff Expense - Total	0.90%	41,258	xsga	Selling, General and Administrative Expense	0.73%	33,377

BS		Atypical items				Typical items		
parent	item	label	PCT	N	item	label	PCT	N
act	ivst	Short-Term Investments - Total	0.53%	40,726	rectr	Receivables - Trade	0.30%	23,215
ao	dc	Deferred Charges	0.53%	8,173	aox	Assets - Other - Sundry	0.09%	1,417
ceq	reunr	Retained Earnings - Unrestricted	0.41%	33,112	caps	Capital Surplus/Share Premium Reserve	0.69%	55,530
dltt	dltp	Long-Term Debt - Tied to Prime	0.97%	63,064	dm	Debt - Mortgages & Other Secured	0.75%	48,941
intan	gdwl	Goodwill	3.66%	28,083	gdwl	Goodwill	3.85%	29,551
ivao	msa	Marketable Securities Adjustment	0.50%	1,899	xacc	Accrued Expenses	0.74%	31,132
lct	np	Notes Payable - Short-Term Borrowings	0.90%	37,921	drlt	Deferred Revenue - Long-term	0.21%	796
lo	drlt	Deferred Revenue - Long-term	1.37%	5,252	fate	Property, Plant, and Equipment - Machinery and Equipment at Cost	1.48%	51,163
ppent	fatb	Property, Plant, and Equipment - Buildings at Cost	0.93%	32,219	pstkl	Preferred Stock - Liquidating Value	0.02%	429
pstk	pstkrv	Preferred Stock - Redemption Value	1.26%	29,068	pstkrv	Preferred Stock - Redemption Value	0.02%	429
txditc	txdb	Deferred Taxes (Balance Sheet)	1.81%	13,901	txdb	Deferred Taxes (Balance Sheet)	0.52%	3,993

Table 2: Univariate statistics

Panel A: Descriptive statistics

Variable	N	Mean	StdDev	Min	P1	P5	Median	P95	P99	Max
COMP	37,629	-2.8996	0.3383	-4.0254	-3.6636	-3.4340	-2.8904	-2.3026	-1.9459	-0.6931
COMP_ATYP	37,629	13.3508	7.0219	0.0000	2.0000	4.0000	12.0000	27.0000	35.0000	54.0000
COMP_ATYP_IS	37,629	1.2938	1.6859	0.0000	0.0000	0.0000	1.0000	5.0000	7.0000	15.0000
COMP_ATYP_BS	37,629	12.0570	6.3818	0.0000	2.0000	3.0000	11.0000	24.0000	32.0000	48.0000
COMP_MS	37,629	4.8492	3.5993	0.0000	0.0000	1.0000	4.0000	12.0000	16.0000	33.0000
COMP_MS_IS	37,629	0.3833	0.7092	0.0000	0.0000	0.0000	0.0000	2.0000	3.0000	7.0000
COMP_MS_BS	37,629	4.4659	3.4950	0.0000	0.0000	0.0000	4.0000	11.0000	16.0000	31.0000
CONS	37,629	-1.0146	0.7113	-3.8067	-2.5649	-2.0794	-1.0986	0.0000	0.0000	0.0000
CONS_ATYP	37,629	1.7222	2.2962	0.0000	0.0000	0.0000	1.0000	6.0000	10.0000	42.0000
CONS_ATYP_IS	37,629	0.7979	1.3086	0.0000	0.0000	0.0000	0.0000	3.0000	6.0000	14.0000
CONS_ATYP_BS	37,629	0.9243	1.6655	0.0000	0.0000	0.0000	0.0000	4.0000	7.0000	38.0000
CONS_MS	37,629	0.8187	1.3116	0.0000	0.0000	0.0000	0.0000	3.0000	6.0000	21.0000
CONS_MS_IS	37,629	0.1292	0.4160	0.0000	0.0000	0.0000	0.0000	1.0000	2.0000	5.0000
CONS_MS_BS	37,629	0.6895	1.2247	0.0000	0.0000	0.0000	0.0000	3.0000	5.0000	19.0000
Nb_items	37,629	71.6751	13.2433	31.0000	44.0000	51.0000	71.0000	93.0000	100.0000	114.0000
Nb_items_is	37,629	22.2848	6.2823	6.0000	10.0000	12.0000	22.0000	33.0000	36.0000	43.0000
Nb_items_bs	37,629	49.3904	8.2970	23.0000	31.0000	36.0000	49.0000	63.0000	67.0000	79.0000
Coverage	31,278	0.3633	0.6610	0.0000	0.0000	0.0000	0.1225	1.7331	3.5144	5.3140
Dispersion	37,629	-1.3792	3.7592	-45.5446	-17.3077	-6.1325	-0.2426	0.0000	0.0000	0.0000
Accuracy	37,629	6.4575	1.9172	0.6536	2.5062	3.4369	6.3869	9.8104	10.9813	12.5057
Size	37,629	0.0743	0.0973	0.0013	0.0057	0.0109	0.0471	0.2219	0.4726	1.8680
σ_cfo	37,629	0.1931	0.2131	0.0010	0.0117	0.0253	0.1282	0.5734	1.1184	2.3985
σ_sales	37,629	5.1593	0.8859	2.5927	2.7612	3.6294	5.2121	6.4494	7.8480	9.5042
op_cycle	37,629	0.2967	0.4568	0.0000	0.0000	0.0000	0.0000	1.0000	1.0000	1.0000
Loss	37,629	0.1482	0.5179	0.0000	0.0000	0.0000	0.0228	0.4739	3.0714	9.6881
Intangibility	37,629	0.2645	0.2292	0.0004	0.0056	0.0220	0.1885	0.7614	0.8839	0.9208
Cap_Intensity	37,629	0.4368	0.1384	0.0965	0.1978	0.2522	0.4083	0.6847	0.8503	0.9660
Ind_Conc	37,629	0.5483	0.7696	-34.4706	-0.5609	0.0467	0.4463	1.4733	2.8426	10.2787
BTM	37,629	-3.9351	5.9936	-95.9651	-29.2758	-15.1283	-1.7354	-1.0000	-1.0000	-1.0000
Prod_Diff	37,629	0.0562	0.2302	0.0000	0.0000	0.0000	0.0000	1.0000	1.0000	1.0000
Last_yr	37,629	1.0246	0.3761	0.0000	0.6931	0.6931	1.0986	1.7918	1.9459	2.4849
NSegments	37,629	0.0242	0.0634	0.0000	0.0000	0.0000	0.0040	0.1167	0.3351	0.7931
SPECIAL_ITEMS	37,629	2.6845	0.7930	0.0000	0.0000	1.6094	2.6391	3.5553	5.4116	6.2166
Days	37,629	-3.5350	0.5337	-6.3384	-4.6431	-4.3664	-3.5637	-2.6070	-2.2074	-1.6091
σ_ret	37,629	-2.8996	0.3383	-4.0254	-3.6636	-3.4340	-2.8904	-2.3026	-1.9459	-0.6931

Panel B: Correlation matrix

	COMP_AT	COMP_MS	CONS	CONS_ATYP	CONS_MS	Nb_items	Accuracy	Dispersion	Coverage
COMP	-0.71	-0.33	0.28	-0.21	-0.15	-0.31	0.03	-0.11	-0.10
COMP_ATYP		-0.34	-0.17	0.17	0.00	0.56	0.00	0.09	0.18
COMP_MS			-0.13	0.07	0.20	-0.41	-0.04	0.04	-0.17
CONS				-0.74	-0.54	0.01	0.11	-0.13	0.07
CONS_ATYP					0.07	0.02	-0.10	0.12	-0.07
CONS_MS						-0.11	-0.05	0.07	-0.04
Nb_items							0.11	-0.09	0.32
Accuracy								-0.57	0.27
Dispersion									-0.22

Table 3: Determinant analysis

Panel A: Comparability

Model	(1)			(2)			(3)		
Dep. Variable	COMP			COMP_MS			COMP_ATYP		
Variable	Coeff.	Sig.	t.	Coeff.	Sig.	t.	Coeff.	Sig.	t.
Size	-0.0265	***	-15.08	-0.1077	***	-32.32	0.0920	***	41.67
σ_cfo	-0.0550	**	-2.38	0.3547	***	7.77	-0.1078	***	-3.22
σ_sales	-0.0284	***	-3.14	0.0630	***	3.32	-0.0140		-1.08
op_cycle	-0.0306	***	-8.91	0.0114	*	1.67	0.0302	***	6.24
loss	-0.0422	***	-10.34	0.0008		0.09	0.0571	***	9.81
Intangibility	0.0014		0.30	0.0526	***	7.49	-0.0237	***	-3.23
Cap_Intensity	0.0118		0.68	-0.2099	***	-6.34	0.1187	***	5.31
Ind_Conc	-0.1336	***	-5.08	0.0249		0.47	0.1607	***	4.21
BTM	0.0025	**	2.33	0.0016		0.69	-0.0039	**	-2.50
Prod_Diff	-0.0038	***	-6.12	0.0017	*	1.86	0.0048	***	6.61
dq_chen	0.1109	***	2.84	-0.8824	***	-10.75	0.1625	***	3.13
NSegments	-0.0936	***	-11.58	-0.0932	***	-5.69	0.1808	***	17.08
SPECIAL_ITEMS	-0.2917	***	-15.63	-0.1161	***	-3.20	0.4992	***	18.84
Year FE	Incl.			Incl.			Incl.		
Industry FE	Incl.			Incl.			Incl.		
Adjusted R²	0.33			0.25			0.45		
N	66,854			66,854			66,854		

Panel B: Consistency

Model	(1)			(2)			(3)		
Dep. Variable	CONS			CONS_MS			CONS_ATYP		
Variable	Coeff.	Sig.	t.	Coeff.	Sig.	t.	Coeff.	Sig.	t.
Size	0.0078	***	3.73	-0.0048	***	-2.79	-0.0075	***	-3.64
σ_cfo	-0.5211	***	-13.38	0.1407	***	4.13	0.5249	***	12.47
σ_sales	-0.1988	***	-12.43	0.0952	***	7.19	0.1677	***	10.08
op_cycle	-0.0328	***	-6.45	0.0004		0.10	0.0455	***	9.11
loss	-0.2182	***	-31.08	0.0689	***	11.34	0.2054	***	29.13
Intangibility	-0.0309	***	-4.09	0.0063		0.89	0.0346	***	4.31
Cap_Intensity	0.0791	***	3.70	-0.0725	***	-4.17	-0.0356		-1.64
Ind_Conc	-0.0557		-1.43	0.0603	*	1.83	0.0276		0.74
BTM	0.0215	***	10.00	-0.0173	***	-8.34	-0.0147	***	-6.54
Prod_Diff	0.0031	***	4.93	-0.0003		-0.45	-0.0035	***	-5.60
dq_chen	0.3679	***	6.71	-0.4299	***	-9.71	-0.0974	*	-1.91
NSegments	-0.0209	**	-1.97	0.0015		0.17	0.0229	**	2.21
SPECIAL_ITEMS	-1.4074	***	-35.31	0.2835	***	7.27	1.5878	***	37.49
Year FE	Incl.			Incl.			Incl.		
Industry FE	Incl.			Incl.			Incl.		
Adjusted R^2	0.22			0.07			0.23		
N	66,854			66,854			66,854		

Table 4: Analyst coverage

Panel A: Comparability

	(1)			(2)			(3)			(4)		
Dep. variable	Coverage			Coverage			Coverage			Coverage		
Variable	Coeff.	Sig.	t.	Coeff.	Sig.	t.	Coeff.	Sig.	t.	Coeff.	Sig.	t.
COMP	*0.1327*	***	*6.94*									
COMP_ATYP				*-0.1077*	***	*-6.29*				*-0.0931*	***	*-5.42*
COMP_MS							*-0.0527*	***	*-4.86*	*-0.0417*	***	*-3.82*
Nb_items	-0.3178	***	-6.08	-0.1436	**	-2.15	-0.5570	***	-9.45	-0.3078	***	-4.06
Size	0.3450	***	74.12	0.3431	***	73.74	0.3446	***	73.55	0.3446	***	73.84
σ_cfo	0.4004	***	7.00	0.4081	***	7.14	0.3832	***	6.73	0.4000	***	6.98
op_cycle	-0.0420	***	-4.61	-0.0420	***	-4.63	-0.0451	***	-4.97	-0.0423	***	-4.67
Loss	-0.0985	***	-8.82	-0.0968	***	-8.64	-0.1028	***	-9.22	-0.0985	***	-8.83
Intangibility	0.0432	***	4.82	0.0466	***	5.18	0.0401	***	4.49	0.0444	***	4.96
Cap_Intensity	0.0143		0.34	0.0180		0.43	0.0017		0.04	0.0144		0.34
Ind_Conc	0.1823	**	2.43	0.1767	**	2.36	0.1804	**	2.40	0.1803	**	2.40
BTM	-0.0996	***	-7.14	-0.0998	***	-7.15	-0.0985	***	-7.11	-0.0995	***	-7.14
Prod_Diff	-0.0061	***	-5.02	-0.0064	***	-5.25	-0.0059	***	-4.89	-0.0061	***	-5.04
Last_yr	-0.0481	***	-4.08	-0.0491	***	-4.16	-0.0477	***	-4.03	-0.0485	***	-4.11
NBS	-0.1923	***	-10.75	-0.1945	***	-10.87	-0.1934	***	-10.78	-0.1920	***	-10.75
Special_Items	-0.2179	***	-4.01	-0.2262	***	-4.16	-0.2335	***	-4.32	-0.2185	***	-4.02
Days	-0.0492	***	-10.87	-0.0494	***	-10.90	-0.0497	***	-10.96	-0.0493	***	-10.90
σ_ret	-0.0579	***	-4.29	-0.0555	***	-4.08	-0.0628	***	-4.65	-0.0582	***	-4.28
Year FE	Incl.			Incl.			Incl.			Incl.		
Industry FE	Incl.			Incl.			Incl.			Incl.		
Adjusted R^2	0.59			0.59			0.59			0.59		
N	37,629			37,629			37,629			37,629		

Panel B: Consistency

Dep. variable	(1) Coverage			(2) Coverage			(3) Coverage			(4) Coverage		
Variable	**Coeff.**	**Sig.**	**t.**	**Coeff.**	**Sig.**	**t.**	**Coeff.**	**Sig.**	**t.**	**Coeff.**	**Sig.**	**t.**
CONS	*-0.0148*	*****	*-2.77*									
CONS_ATYP				*0.0170*	*****	*2.94*				*0.0170*	*****	*2.95*
CONS_MS							*-0.0039*		*-0.63*	*-0.0042*		*-0.68*
Nb_items	-0.3956	***	-7.80	-0.4024	***	-7.82	-0.3936	***	-7.66	-0.4042	***	-7.75
Size	0.3428	***	73.34	0.3431	***	73.18	0.3427	***	73.15	0.3431	***	73.07
σ_cfo	0.3823	***	6.74	0.3817	***	6.72	0.3910	***	6.88	0.3824	***	6.73
op_cycle	-0.0455	***	-5.01	-0.0458	***	-5.05	-0.0452	***	-4.98	-0.0459	***	-5.05
Loss	-0.1042	***	-9.33	-0.1047	***	-9.35	-0.1013	***	-9.07	-0.1046	***	-9.35
Intangibility	0.0418	***	4.67	0.0415	***	4.63	0.0420	***	4.68	0.0414	***	4.62
Cap_Intensity	0.0062		0.15	0.0054		0.13	0.0034		0.08	0.0049		0.12
Ind_Conc	0.1750	**	2.34	0.1753	**	2.34	0.1760	**	2.35	0.1755	**	2.34
BTM	-0.0985	***	-7.11	-0.0985	***	-7.11	-0.0988	***	-7.13	-0.0985	***	-7.11
Prod_Diff	-0.0062	***	-5.07	-0.0062	***	-5.06	-0.0063	***	-5.14	-0.0062	***	-5.06
Last_yr	-0.0480	***	-4.06	-0.0480	***	-4.05	-0.0482	***	-4.08	-0.0480	***	-4.05
NBS	-0.1967	***	-10.94	-0.1965	***	-10.92	-0.1970	***	-10.94	-0.1964	***	-10.92
Special_Items	-0.2687	***	-4.92	-0.2770	***	-5.06	-0.2463	***	-4.55	-0.2766	***	-5.05
Days	-0.0499	***	-10.97	-0.0498	***	-10.96	-0.0499	***	-10.98	-0.0498	***	-10.95
σ_ret	-0.0620	***	-4.59	-0.0618	***	-4.57	-0.0599	***	-4.44	-0.0616	***	-4.56
Year FE	*Incl.*			*Incl.*			*Incl.*			*Incl.*		
Industry FE	*Incl.*			*Incl.*			*Incl.*			*Incl.*		
Adjusted R²	*0.59*			*0.59*			*0.59*			*0.59*		
N	*37,629*			*37,629*			*37,629*			*37,629*		

Table 5: Analyst forecasts accuracy

Panel A. Comparability

	(1)			(2)			(3)			(4)		
Dep. variable	**Accuracy**			**Accuracy**			**Accuracy**			**Accuracy**		
Variable	**Coeff.**	**Sig.**	**t.**	**Coeff.**	**Sig.**	**t.**	**Coeff.**	**Sig.**	**t.**	**Coeff.**	**Sig.**	**t.**
COMP	*0.2662*	*****	*3.45*									
COMP_ATYP				*-0.2853*	*****	*-4.04*				*-0.2674*	*****	*-3.80*
COMP_MS							*-0.0830*	****	*-2.06*	*-0.0517*		*-1.29*
Nb_items	*0.2036*		*1.14*	*0.7130*	*****	*3.04*	*-0.2028*		*-0.90*	*0.5091*	***	*1.81*
Size	*-0.2526*	*****	*-8.59*	*-0.2565*	*****	*-8.79*	*-0.2563*	*****	*-8.78*	*-0.2540*	*****	*-8.68*
σ_cfo	*-0.2344*		*-0.86*	*-0.2080*		*-0.76*	*-0.2683*		*-0.98*	*-0.2173*		*-0.80*
op_cycle	*-0.0296*		*-0.86*	*-0.0275*		*-0.80*	*-0.0356*		*-1.03*	*-0.0280*		*-0.81*
Loss	*-1.3842*	*****	*-23.95*	*-1.3776*	*****	*-23.83*	*-1.3915*	*****	*-24.04*	*-1.3799*	*****	*-23.85*
Intangibility	*0.0166*		*0.27*	*0.0263*		*0.42*	*0.0110*		*0.18*	*0.0237*		*0.38*
Cap_Intensity	*-0.2253*		*-1.52*	*-0.2089*		*-1.40*	*-0.2497*	***	*-1.69*	*-0.2133*		*-1.43*
Ind_Conc	*0.7629*	****	*2.11*	*0.7520*	****	*2.08*	*0.7559*	****	*2.09*	*0.7567*	****	*2.10*
BTM	*-0.4970*	*****	*-3.88*	*-0.4979*	*****	*-3.89*	*-0.4943*	*****	*-3.87*	*-0.4977*	*****	*-3.88*
Prod_Diff	*-0.0114*	****	*-2.49*	*-0.0122*	*****	*-2.65*	*-0.0113*	****	*-2.46*	*-0.0118*	****	*-2.58*
Last_yr	*-0.5134*	*****	*-4.98*	*-0.5158*	*****	*-5.00*	*-0.5124*	*****	*-4.97*	*-0.5152*	*****	*-4.99*
NBS	*-0.0066*		*-0.11*	*-0.0092*		*-0.16*	*-0.0092*		*-0.15*	*-0.0064*		*-0.11*
SPECIAL_ITEMS	*-5.8949*	*****	*-8.60*	*-5.8981*	*****	*-8.60*	*-5.9304*	*****	*-8.67*	*-5.8888*	*****	*-8.59*
Days	*-0.5385*	*****	*-15.77*	*-0.5385*	*****	*-15.77*	*-0.5393*	*****	*-15.80*	*-0.5385*	*****	*-15.77*
σ_ret	*-1.9591*	*****	*-23.88*	*-1.9512*	*****	*-23.77*	*-1.9676*	*****	*-23.95*	*-1.9547*	*****	*-23.77*
Coverage	*0.9274*	*****	*17.43*	*0.9283*	*****	*17.47*	*0.9333*	*****	*17.67*	*0.9266*	*****	*17.43*
Year FE	*Incl.*			*Incl.*			*Incl.*			*Incl.*		
Industry FE	*Incl.*			*Incl.*			*Incl.*			*Incl.*		
Adjusted R²	*0.29*			*0.29*			*0.29*			*0.29*		
N	*37,629*			*37,629*			*37,629*			*37,629*		

Panel B. Consistency

	(1)			(2)			(3)			(4)		
Dep. variable	Accuracy			Accuracy			Accuracy			Accuracy		
Variable	Coeff.	Sig.	t.	Coeff.	Sig.	t.	Coeff.	Sig.	t.	Coeff.	Sig.	t.
CONS	0.1388	***	4.83									
CONS_ATYP				-0.1299	***	-4.04				-0.1280	***	-3.98
CONS_MS							-0.1263	***	-3.73	-0.1239	***	-3.66
Nb_items	0.0937		0.54	0.1392		0.79	0.0063		0.04	0.0868		0.49
Size	-0.2633	***	-9.06	-0.2648	***	-9.12	-0.2589	***	-8.93	-0.2631	***	-9.07
σ_cfo	-0.1843		-0.68	-0.1937		-0.71	-0.2340		-0.86	-0.1707		-0.63
op_cycle	-0.0330		-0.96	-0.0309		-0.90	-0.0373		-1.08	-0.0327		-0.95
Loss	-1.3629	***	-23.63	-1.3638	***	-23.55	-1.3851	***	-23.98	-1.3604	***	-23.52
Intangibility	0.0163		0.26	0.0185		0.30	0.0123		0.20	0.0167		0.27
Cap_Intensity	-0.2698	*	-1.83	-0.2588	*	-1.75	-0.2599	*	-1.76	-0.2718	*	-1.84
Ind_Conc	0.7541	**	2.09	0.7509	**	2.08	0.7551	**	2.09	0.7580	**	2.10
BTM	-0.4964	***	-3.88	-0.4962	***	-3.88	-0.4951	***	-3.88	-0.4970	***	-3.89
Prod_Diff	-0.0125	***	-2.72	-0.0126	***	-2.73	-0.0119	***	-2.59	-0.0127	***	-2.75
Last_yr	-0.5153	***	-4.99	-0.5153	***	-4.99	-0.5131	***	-4.98	-0.5152	***	-4.99
NBS	-0.0166		-0.28	-0.0178		-0.30	-0.0128		-0.22	-0.0164		-0.28
SPECIAL_ITEMS	-5.7444	***	-8.34	-5.7191	***	-8.29	-5.9351	***	-8.67	-5.7074	***	-8.26
Days	-0.5399	***	-15.82	-0.5404	***	-15.83	-0.5387	***	-15.79	-0.5396	***	-15.82
σ_ret	-1.9454	***	-23.75	-1.9501	***	-23.74	-1.9557	***	-23.92	-1.9430	***	-23.74
Coverage	0.9401	***	17.83	0.9400	***	17.83	0.9364	***	17.76	0.9395	***	17.84
Year FE	Incl.			Incl.			Incl.			Incl.		
Industry FE	Incl.			Incl.			Incl.			Incl.		
Adjusted R^2	0.29			0.29			0.29			0.29		
N	37,629			37,629			37,629			37,629		

Table 6: Analyst forecasts dispersion

Panel A. Comparability

	(1)			(2)			(3)			(4)		
Dep. variable	Dispersion			Dispersion			Dispersion			Dispersion		
Variable	Coeff.	Sig.	t.	Coeff.	Sig.	t.	Coeff.	Sig.	t.	Coeff.	Sig.	t.
COMP	*-0.0840*	***	*-5.39*									
COMP_ATYP				*0.1005*	***	*6.59*				*0.0990*	***	*6.44*
COMP_MS							*0.0152*	*	*1.86*	*0.0043*		*0.53*
Nb_items	*-0.0370*		*-0.94*	*-0.2189*	***	*-4.22*	*0.0593*		*1.20*	*-0.2016*	***	*-3.22*
Size	*0.0473*	***	*8.32*	*0.0482*	***	*8.55*	*0.0493*	***	*8.72*	*0.0480*	***	*8.49*
σ_cfo	*0.3062*	***	*4.10*	*0.2949*	***	*3.95*	*0.3141*	***	*4.20*	*0.2957*	***	*3.97*
op_cycle	*0.0007*		*0.10*	*-0.0001*		*-0.02*	*0.0022*		*0.30*	*-0.0001*		*-0.01*
Loss	*0.3379*	***	*24.92*	*0.3357*	***	*24.79*	*0.3397*	***	*25.00*	*0.3359*	***	*24.77*
Intangibility	*0.0811*	***	*5.10*	*0.0771*	***	*4.85*	*0.0824*	***	*5.16*	*0.0774*	***	*4.86*
Cap_Intensity	*0.1825*	***	*5.43*	*0.1763*	***	*5.26*	*0.1904*	***	*5.66*	*0.1767*	***	*5.27*
Ind_Conc	*-0.1039*		*-1.48*	*-0.1005*		*-1.43*	*-0.0998*		*-1.42*	*-0.1011*		*-1.44*
BTM	*0.1033*	***	*4.01*	*0.1037*	***	*4.03*	*0.1023*	***	*3.99*	*0.1037*	***	*4.03*
Prod_Diff	*-0.0007*		*-0.52*	*-0.0004*		*-0.32*	*-0.0007*		*-0.52*	*-0.0004*		*-0.35*
Last_yr	*0.0683*	***	*3.69*	*0.0694*	***	*3.75*	*0.0683*	***	*3.69*	*0.0693*	***	*3.75*
NBS	*-0.0287*	**	*-2.31*	*-0.0276*	**	*-2.23*	*-0.0270*	**	*-2.17*	*-0.0279*	**	*-2.25*
SPECIAL_ITEMS	*0.7757*	***	*6.48*	*0.7751*	***	*6.48*	*0.7931*	***	*6.63*	*0.7742*	***	*6.47*
Days	*0.0204*	***	*3.95*	*0.0204*	***	*3.96*	*0.0205*	***	*3.96*	*0.0204*	***	*3.96*
σ_ret	*0.4430*	***	*26.04*	*0.4399*	***	*25.85*	*0.4447*	***	*26.10*	*0.4402*	***	*25.82*
Coverage	*-0.1630*	***	*-14.86*	*-0.1630*	***	*-14.88*	*-0.1659*	***	*-15.2*	*-0.1628*	***	*-14.87*
Year FE	*Incl.*			*Incl.*			*Incl.*			*Incl.*		
Industry FE	*Incl.*			*Incl.*			*Incl.*			*Incl.*		
Adjusted R²	*0.34*			*0.34*			*0.34*			*0.34*		
N	*31,278*			*31,278*			*31,278*			*31,278*		

Panel B. Consistency

Dep. variable	(1) Dispersion			(2) Dispersion			(3) Dispersion			(4) Dispersion		
Variable	Coeff.	Sig.	t.	Coeff.	Sig.	t.	Coeff.	Sig.	t.	Coeff.	Sig.	t.
CONS	*-0.0356*	***	*-6.34*									
CONS_ATYP				*0.0482*	***	*7.86*				*0.0481*	***	*7.85*
CONS_MS							*0.0060*		*0.88*	*0.0055*		*0.80*
Nb_items	*0.0026*		*0.07*	*-0.0184*		*-0.47*	*0.0131*		*0.33*	*-0.0161*		*-0.41*
Size	*0.0508*	***	*9.01*	*0.0517*	***	*9.18*	*0.0501*	***	*8.89*	*0.0516*	***	*9.17*
σ_cfo	*0.2922*	***	*3.91*	*0.2892*	***	*3.89*	*0.3108*	***	*4.14*	*0.2878*	***	*3.87*
op_cycle	*0.0019*		*0.26*	*0.0009*		*0.13*	*0.0023*		*0.31*	*0.0010*		*0.14*
Loss	*0.3326*	***	*24.50*	*0.3303*	***	*24.34*	*0.3390*	***	*24.97*	*0.3301*	***	*24.33*
Intangibility	*0.0812*	***	*5.11*	*0.0802*	***	*5.05*	*0.0818*	***	*5.13*	*0.0803*	***	*5.05*
Cap_Intensity	*0.1961*	***	*5.85*	*0.1943*	***	*5.79*	*0.1906*	***	*5.67*	*0.1949*	***	*5.81*
Ind_Conc	*-0.0970*		*-1.38*	*-0.0960*		*-1.36*	*-0.0977*		*-1.39*	*-0.0962*		*-1.37*
BTM	*0.1029*	***	*4.00*	*0.1028*	***	*3.99*	*0.1022*	***	*3.99*	*0.1029*	***	*3.99*
Prod_Diff	*-0.0004*		*-0.31*	*-0.0003*		*-0.22*	*-0.0006*		*-0.44*	*-0.0003*		*-0.21*
Last_yr	*0.0693*	***	*3.75*	*0.0695*	***	*3.76*	*0.0685*	***	*3.70*	*0.0695*	***	*3.76*
NBS	*-0.0250*	**	*-2.02*	*-0.0243*	**	*-1.96*	*-0.0259*	**	*-2.08*	*-0.0244*	**	*-1.96*
SPECIAL_ITEMS	*0.7413*	***	*6.15*	*0.7044*	***	*5.82*	*0.7973*	***	*6.67*	*0.7044*	***	*5.82*
Days	*0.0205*	***	*3.98*	*0.0209*	***	*4.05*	*0.0204*	***	*3.95*	*0.0208*	***	*4.04*
σ_ret	*0.4391*	***	*25.80*	*0.4387*	***	*25.80*	*0.4434*	***	*26.06*	*0.4384*	***	*25.78*
Coverage	*-0.1671*	***	*-15.31*	*-0.1676*	***	*-15.37*	*-0.1667*	***	*-15.27*	*-0.1676*	***	*-15.36*
Year FE	*Incl.*			*Incl.*			*Incl.*			*Incl.*		
Industry FE	*Incl.*			*Incl.*			*Incl.*			*Incl.*		
Adjusted R^2	*0.34*			*0.34*			*0.34*			*0.34*		
N	*31,278*			*31,278*			*31,278*			*31,278*		

Table 7: Disaggregated income statement (IS) and balance sheet (BS)

Panel A: Analyst coverage

	(1)			(2)		
Dep. variable	**Coverage**			**Coverage**		
Variable	**Coeff.**	**Sig.**	**t.**	**Coeff.**	**Sig.**	**t.**
COMP_ATYP_IS	*0.0142*		*1.64*			
COMP_ATYP_BS	*-0.0797*	***	*-4.93*			
COMP_MS_IS	*-0.0544*	***	*-3.92*			
COMP_MS_BS	*-0.0393*	***	*-3.76*			
CONS_ATYP_IS				*0.0017*		*0.60*
CONS_ATYP_BS				*0.0017*		*0.76*
CONS_MS_IS				*-0.0237*	***	*-2.94*
CONS_MS_BS				*0.0031*		*1.20*
Controls	*Incl.*			*Incl.*		
Year FE	*Incl.*			*Incl.*		
Industry FE	*Incl.*			*Incl.*		
Adjusted R^2	0.59			0.59		
N	37,629			37,629		

Panel B*: Forecast Accuracy*

	(1)			(2)		
Dep. variable	**Accuracy**			**Accuracy**		
Variable	**Coeff.**	**Sig.**	**t.**	**Coeff.**	**Sig.**	**t.**
COMP_ATYP_IS	*-0.1255*	***	*-3.11*			
COMP_ATYP_BS	*-0.1462*	*	*-1.91*			
COMP_MS_IS	*0.0071*		*0.12*			
COMP_MS_BS	*-0.0602*		*-1.54*			
CONS_ATYP_IS				*-0.0318*		*-1.59*
CONS_ATYP_BS				*-0.0600*	***	*-3.89*
CONS_MS_IS				*0.0301*		*0.77*
CONS_MS_BS				*-0.0505*	***	*-3.38*
Controls	*Incl.*			*Incl.*		
Year FE	*Incl.*			*Incl.*		
Industry FE	*Incl.*			*Incl.*		
Adjusted R^2	0.29			0.29		
N	37,629			37,629		

Panel C: Forecast Dispersion

Dep. variable	(1)			(2)		
	Dispersion			Dispersion		
Variable	Coeff.	Sig.	t.	Coeff.	Sig.	t.
COMP_ATYP_IS	*0.0143*	*	*1.76*			
COMP_ATYP_BS	*0.0916*	***	*6.35*			
COMP_MS_IS	*-0.0131*		*-1.11*			
COMP_MS_BS	*0.0050*		*0.63*			
CONS_ATYP_IS				*0.0143*	*	*1.76*
CONS_ATYP_BS				*0.0916*	***	*6.35*
CONS_MS_IS				*-0.0131*		*-1.11*
CONS_MS_BS				*0.0050*		*0.63*
Controls	*Incl.*			*Incl.*		
Year FE	*Incl.*			*Incl.*		
Industry FE	*Incl.*			*Incl.*		
Adjusted R²	*0.34*			*0.34*		
N	*31,278*			*31,278*		

Table 8: *Alternative thresholds*

Panel A*: Analyst coverage*

	(1)			(2)			(3)			(4)		
Dep. variable	Coverage			Coverage			Coverage			Coverage		
Variable	Coeff.	Sig.	t.	Coeff.	Sig.	t.	Coeff.	Sig.	t.	Coeff.	Sig.	t.
COMP	0.066	***	6.98				0.062	***	7.11			
CONS				0.001		0.22				0.054	***	4.63
Controls	Incl.			Incl.			Incl.			Incl.		
Year FE	Incl.			Incl.			Incl.			Incl.		
Industry FE	Incl.			Incl.			Incl.			Incl.		
Adjusted R^2	0.59			0.59			0.59			0.59		
N	37,629			37,629			37,629			37,629		

Panel B: *Forecast Accuracy*

	(1)			(2)			(3)			(4)		
Dep. variable	Accuracy			Accuracy			Accuracy			Accuracy		
Variable	Coeff.	Sig.	t.	Coeff.	Sig.	t.	Coeff.	Sig.	t.	Coeff.	Sig.	t.
COMP	0.1351	***	3.57				0.1169	***	3.33			
CONS				0.1740	***	5.29				0.2218	***	2.77
Controls	Incl.			Incl.			Incl.			Incl.		
Year FE	Incl.			Incl.			Incl.			Incl.		
Industry FE	Incl.			Incl.			Incl.			Incl.		
Adjusted R^2	0.29			0.29			0.29			0.29		
N	37,629			37,629			37,629			37,629		

Panel C: *Forecast Dispersion*

	(1)			(2)			(3)			(4)		
Dep. variable	Dispersion			Dispersion			Dispersion			Dispersion		
Variable	Coeff.	Sig.	t.	Coeff.	Sig.	t.	Coeff.	Sig.	t.	Coeff.	Sig.	t.
COMP	-0.045	***	-5.96				-0.034	***	-4.63			
CONS				-0.030	***	-4.99				-0.008		-0.58
Controls	Incl.			Incl.			Incl.			Incl.		
Year FE	Incl.			Incl.			Incl.			Incl.		
Industry FE	Incl.			Incl.			Incl.			Incl.		
Adjusted R^2	0.34			0.34			0.34			0.34		
N	31,278			31,278			31,278			31,278		

In these tables: (1) and (2) -> 75/25 threshold; (3) and (4) -> 90/10

Table 9: *EDGAR Log downloads around 10K releasing dates*

Panel A: Comparability

	(1)			(2)			(3)		
Dep. variable	10K_DLS			10K_DLS			10K_DLS		
Event window	[0,2]			[3,7]			[0,7]		
Variable	Coeff.	Sig.	t.	Coeff.	Sig.	t.	Coeff.	Sig.	t.
$COMP_{t-1}$	-0.0215		-0.98	-0.0274		-1.37	-0.0232		-1.22
$\Delta COMP$	0.0009		0.05	-0.0060		-0.32	0.0027		0.17
Earn_surp	0.0616		1.24	-0.0021		-0.05	0.0321		0.80
MOM	-0.0817	***	-4.33	-0.0748	***	-4.44	-0.0783	***	-5.22
Size	0.1841	***	28.61	0.2709	***	46.38	0.2265	***	39.82
dq_chen	0.3797	**	2.48	0.1560		1.07	0.2466	*	1.84
BtoM	-0.0303	**	-2.34	-0.0575	***	-5.07	-0.0447	***	-4.18
Strat_dev	0.0006		0.21	0.0043	*	1.74	0.0022		0.95
NBS	0.0132		0.50	-0.0177		-0.76	-0.0008		-0.04
σ_cfo	0.7073	***	5.27	0.6440	***	5.06	0.6635	***	5.39
σ_sales	-0.0514		-1.18	0.0010		0.03	-0.0268		-0.73
op_cycle	-0.0153		-1.01	-0.0238	*	-1.72	-0.0206		-1.58
Loss	0.0543	***	3.12	0.0313	**	1.97	0.0415	***	2.81
Intangibility	0.0197		0.47	0.0078		0.21	0.0310		0.85
Cap_Intensity	-0.0004		-0.01	-0.0583		-1.00	-0.0373		-0.67
Ind_Conc	0.3507	*	1.88	-0.0641		-0.37	0.1512		0.96
SPECIAL_ITEMS	0.4098	***	3.61	0.1015		0.97	0.2856	***	3.27
Year FE	Incl.			Incl.			Incl.		
Industry FE	Incl.			Incl.			Incl.		
Adjusted R^2	0.50			0.58			0.63		
N	13,759			13,759			13,759		

Panel B: Consistency

Variable	(1) 10K_DLS [0,2] Coeff.	Sig.	t.	(2) 10K_DLS [3,7] Coeff.	Sig.	t.	(3) 10K_DLS [0,7] Coeff.	Sig.	t.
Dep. variable	10K_DLS			10K_DLS			10K_DLS		
Event window	[0,2]			[3,7]			[0,7]		
CONS $_{t-1}$	-0.0220	*	-1.68	-0.0201		-1.63	-0.0230	**	-2.07
ΔCONS	-0.0232	**	-2.35	-0.0139		-1.44	-0.0185	**	-2.28
Earn_surp	0.0652		1.32	-0.0017		-0.04	0.0343		0.86
MOM	-0.0813	***	-4.30	-0.0743	***	-4.41	-0.0778	***	-5.18
Size	0.1846	***	28.62	0.2716	***	46.31	0.2271	***	39.70
dq_chen	0.3955	**	2.57	0.1691		1.15	0.2632	*	1.95
BtoM	-0.0313	**	-2.41	-0.0584	***	-5.15	-0.0457	***	-4.28
Strat_dev	0.0002		0.07	0.0039		1.57	0.0018		0.79
NBS	0.0137		0.52	-0.0171		-0.73	-0.0002		-0.01
σ_cfo	0.6949	***	5.18	0.6327	***	4.98	0.6495	***	5.29
σ_sales	-0.0534		-1.23	-0.0008		-0.02	-0.0292		-0.79
op_cycle	-0.0154		-1.02	-0.0233	*	-1.69	-0.0206		-1.59
Loss	0.0511	***	2.92	0.0288	*	1.81	0.0381	**	2.57
Intangibility	0.0189		0.45	0.0066		0.18	0.0302		0.83
Cap_Intensity	0.0038		0.06	-0.0538		-0.93	-0.0330		-0.59
Ind_Conc	0.3500	*	1.88	-0.0639		-0.37	0.1502		0.95
SPECIAL_ITEMS	0.3635	***	3.22	0.0758		0.73	0.2441	***	2.83
Year FE	*Incl.*			*Incl.*			*Incl.*		
Industry FE	*Incl.*			*Incl.*			*Incl.*		
Adjusted R²	*0.50*			*0.58*			*0.63*		
N	*13,759*			*13,759*			*13,759*		

Panel C: Comparability missing typical items and atypical items

Variable	(1) 10K_DLS [0,2] Coeff.	Sig.	t.	(2) 10K_DLS [3,7] Coeff.	Sig.	t.	(3) 10K_DLS [0,7] Coeff.	Sig.	t.
Dep. variable	10K_DLS			10K_DLS			10K_DLS		
Event window	[0,2]			[3,7]			[0,7]		
$COMP\_MS_{t-1}$	0.0060		0.37	0.0142		0.97	0.0101		0.72
$\Delta COMP\_MS$	-0.0033		-0.21	0.0408	***	2.65	0.0107		0.80
$COMP\_ATYP_{t-1}$	0.0148		0.83	0.0110		0.66	0.0123		0.79
$\Delta COMP\_ATYP$	-0.0030		-0.20	-0.0063		-0.42	-0.0055		-0.44
Controls	Incl.			Incl.			Incl.		
Year FE	Incl.			Incl.			Incl.		
Industry FE	Incl.			Incl.			Incl.		
Adjusted R^2	0.50			0.58			0.63		
N	13,759			13,759			13,759		

Panel D: Consistency missing typical items and atypical items

Variable	(1) 10K_DLS [0,2] Coeff.	Sig.	t.	(2) 10K_DLS [3,7] Coeff.	Sig.	t.	(3) 10K_DLS [0,7] Coeff.	Sig.	t.
Dep. variable	10K_DLS			10K_DLS			10K_DLS		
Event window	[0,2]			[3,7]			[0,7]		
$CONS\_MS_{t-1}$	0.0061		0.39	0.0267	*	1.88	0.0152		1.17
$\Delta CONS\_MS$	0.0069		0.58	0.0207	*	1.84	0.0094		0.98
$CONS\_ATYP_{t-1}$	0.0265	*	1.84	0.0070		0.50	0.0199		1.58
$\Delta CONS\_ATYP$	0.0260	**	2.41	0.0068		0.66	0.0186	**	2.10
Controls	Incl.			Incl.			Incl.		
Year FE	Incl.			Incl.			Incl.		
Industry FE	Incl.			Incl.			Incl.		
Adjusted R^2	0.50			0.58			0.63		
N	13,759			13,759			13,759		

Table 10: *Cumulative abnormal returns at EA (concurrent and non-concurrent with 10-K)*

Panel A: Consistency and comparability results

Earnings surprise quintile = 1 (bad news)

		Consistency (CONS)		Comparability (COMP)	
	Full sample	*Low*	*High*	*Low*	*High*
ERC_10K (CON=1)	*-2.2% (n=1682)*	*-2.0%*	*-3.4%*	*-2.0%*	*-2.6%*
ERC_EA (CON=0)	*-2.8% (n=7153)*	*-3.0%*	*-2.2%*	*-2.8%*	*-2.8%*

Earnings surprise quintile = 5 (good news)

		Consistency (CONS)		Comparability (COMP)	
	Full sample	*Low*	*High*	*Low*	*High*
ERC_10K (CON=1)	*1.8% (n=2242)*	*1.6%*	*2.4%*	*1.4%*	*2.4%*
ERC_EA (CON=0)	*2.4% (n=6296)*	*2.4%*	*2.6%*	*2.0%*	*2.8%*

Panel B: Consistency results by missing typical and reporting atypical items

Earnings surprise quintile = 1 (bad news)

	CONS_MS		COMP_MS	
	CONS_MS > 0	*CONS_MS = 0*	*Low*	*High*
ERC_10K (CON=1)	*-2.0%*	*-2.4%*	*-2.3%*	*-2.0%*
ERC_EA (CON=0)	*-2.7%*	*-2.9%*	*-3.3%*	*-2.4%*

	CONS_ATYP		COMP_ATYP	
	CONS_ATYP > 0	*CONS_ATYP = 0*	*Low*	*High*
ERC_10K (CON=1)	*-2.0%*	*-2.7%*	*-2.0%*	*-2.7%*
ERC_EA (CON=0)	*-3.0%*	*-2.5%*	*-3.0%*	*-2.5%*

Earnings surprise quintile = 5 (good news)

	CONS_MS		COMP_MS	
	CONS_MS > 0	*CONS_MS = 0*	*Low*	*High*
ERC_10K (CON=1)	*1.6% (n=1109)*	*1.9% (n=1135)*	*1.4%*	*2.2%*
ERC_EA (CON=0)	*2.4% (n=3784)*	*2.4% (n=2513)*	*2.4%*	*2.4%*

	CONS_ATYP		COMP_ATYP	
	CONS_ATYP > 0	*CONS_ATYP = 0*	*Low*	*High*
ERC_10K (CON=1)	*1.4% (n=1436)*	*2.4%*	*1.5%*	*2.3%*
ERC_EA (CON=0)	*2.2% (n=3817)*	*2.7%*	*2.1%*	*2.8%*